



Rhodes Business School
Leadership for Sustainability

**AN EVALUATION OF A MOTOR RETAIL ORGANISATION'S
LEAD MANAGEMENT SYSTEM.**

A thesis in partial fulfillment of the requirements of the degree of
Master of Business Administration

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1. Integrative Summary

This research was motivated by the lack of systems and methodologies in the automotive retail business sector to adequately monitor and analyse prospective customers' behaviours as a basis for developing sales.

The objective of this research was to determine if lead scoring would indeed represent a good investment of time and resources for Barloworld Motor Retail. The real value for Barloworld Motor Retail is in the proven methodology for properly managing leads and the sales process. Lead scoring should have sales teams more focused because of the qualified opportunities. The sales cycle can also be efficiently managed from introduction to closure.

What is **Lead Scoring**? In short, lead scoring identifies or measures the value of a lead to determine to which extent a lead could result in a sale. The aim of the lead scoring process is to gather as much information as possible from the prospective customer. Once information has been acquired, it is important to hand over the hot leads to sales while the warm and cold leads remain with marketing to be nurtured.

A **lead** is a potential customer who wants to learn more about what a company has to offer, and who has acknowledged having a requirement or need that a company could help satisfy. Where this position is coupled with elements of the ideal or desired customer profile, a meaningful lead definition emerges.

When a salesperson receives a lead as depicted in Figure 1, the decision must be made as to whether to promote the lead into an opportunity or recycle it back to marketing. The crucial determination would be whether the prospect is ready to enter a buying cycle, or not. Figure 1 also illustrates the lead scoring "evaluation" process.

Figure 1: LEAD SCORING PROCESS

Source: Fernandez (2010)

The researcher used the Barloworld Automotive www.mywheels.co.za Webpage to obtain information for this research project. The results obtained from this measurement were compared with the results obtained from other marketing initiatives and practices in the automotive industry to describe the value of lead scoring.

This research is undertaken under two main headings, namely marketing and evaluating a lead management system by introducing *lead scoring*.

In reference to marketing, *Albee (2010)* says that lead scoring is based on marketing that can automate the ability to know exactly when the leads in the nurturing program are sales ready and then transition them to the sales force without delay. *Chekitan and Schultz (2005)*, introduced the notion of SIVA which stands for Solution, Information, Value, and Access. This is basically the four P's of the marketing mix, namely product, promotion, price and placement *Kotler (2000)* renamed and reworded to provide a customer focus.

Marketing managers use this model to generate the best possible response from the target market by blending four or more combinations in the best way. The elements of the marketing mix are all controllable variables. The marketing mix can be adjusted on a frequent basis to meet the changing needs of the target market and the other dynamics of the marketing environment.

The study of internet consumer behaviour is a fundamental part of the gathering of information related to lead scoring. To an extent it is also relevant to the formulation of a leads nurturing model that will positively influence buyer perceptions and help to trigger the purchase decision. With regard to the purchasing of motor vehicles, consumers will

seldom make a purchase decision without personal exposure by way of sensory explanation (look, feel and touch).

Internet marketing connects the physically remote consumer with the product benefits through a process of abstract positioning, and focuses on obtaining “hits” from consumers who are competent and enabled to make a positive purchase decision. Internet marketing refers to the strategies that companies use to market their products or services online. The marketing concept remains the guiding concept for companies wishing to design and implement an effective leads scoring system.

Lead scoring is the process that involves the following activities:

- Lead identification;
- Lead collection and consolidation;
- Predictive analysis of lead scoring;
- Lead nurturing;
- Lead distribution

Each of these activities will be briefly discussed:

Leads identification refers to the process during which the company studies the data of the enquiry that have been captured, to ascertain whether this data is in fact representative. Not all information captured will comprise a genuine lead, in fact the casual and detached nature of the Internet interface will result in a large proportion of hits not being valid leads. It is important to define which of the hits should be included in further processes, to avoid wasted effort and time and also to avoid losing potential real sales. Leads that do not have merit should be excluded from further marketing and follow-on efforts.

The process of **lead collection and consolidation** is the development and enhancement of new leads from outside sources. This introduction of leads new to the company will be via mediums such as blogs, links, or social networks. These methods are common

interfaces between the Internet and users, and, as such, serve as terminals where such users will both gather (receive) and provide (input) information.

Predictive analysis of lead scoring refers to the processes to be applied to predict which leads are hot, and which are cold. Predictive analysis feeds into the establishment of cause and effect relationships between a customer or lead parameter values or attributes, and the tendency of the lead to result in a sale (or a non-sale). Various techniques are used to predict the outcome of a lead, including statistical or observed correlation between certain attributes of the lead and buyer behaviour patterns in the steps in the purchasing process following the lead.

Lead nurturing focuses on the processes used by a company to build trust with the potential customer to become a trusted advisor, and effectively the first port of call for a customer needing additional information, validation, or re-assurance prior to proceeding with a purchase decision. The purpose of lead nurturing is to improve the positive sales decision probability in the leads received.

The processes followed once a lead is received, are called **lead distribution**. Once a lead has been received, the response will invariably be different depending upon the predicted rating of a lead i.e. hot to sales or cold to marketing for more nurturing in terms of its potential for conversion into a sale. This process must be designed to incorporate the value-addition elements of customer service, including response time, appropriateness of information, appropriateness of tone and organisational level of respondent, and the linkage to promotion (events, demonstrations, etc).

The aims of this research are:

- Evaluate a lead management system in a retail automotive business;
- To introduce lead scoring system and;
- To conduct an investigation into the initial implementation.

In order to design and develop an effective marketing strategy (the right combination and types of product, price, promotion and distribution), a business organisation needs to

have a thorough understanding of how consumers tend to behave in the purchasing process. It is only then that the business will be able to implement suitable marketing interventions to maximise the probability of consumers buying its products, rather than those of competitors.

To achieve outstanding results in today's very competitive and complex environment, Barloworld Motor Retail (BMR) needs to have a suitable and results-oriented marketing strategy regarding lead generation and lead scoring. The process to qualify leads is critical for effectiveness and increased sales volumes. One of the marketing department's challenges is to identify leads that give the sales team the best opportunities for closing sales. The contact response per lead must never be longer than 15 minutes. Barloworld Motor Retail needs to investigate the feasibility of having an after-hours contact instead of an automated response to customers

Lang (2010) explains that sales executives aren't good at putting a probability to close on their leads. Often when a sales executive is asked to report on the quality of a lead he/she will use a simple "lost" or "booked a test drive" as a response. Companies often confuse their salespeople by not communicating the values of lead scores in a visually and easy to interpret manner. To manage them correctly, salespeople need to know what values these scores represent. Grading systems (A, B, C, D) or words like Hot, Warm, Cold, or visual cues like traffic lights (green, yellow, red) are very useful and easy to apply. These score indicators will prioritise sales actions to be taken by the salespeople.

Lead scoring is undertaken by the marketing team using information and a process broadly outlined in Table 1.

Table 1: SUMMARY OF LEAD SCORING

Explicit	<ul style="list-style-type: none"> • Based on Industry, Company Size • Geography, Location
Implicit	<ul style="list-style-type: none"> • Activity done on the website • Visit, download, email, clicks
Scoring	<ul style="list-style-type: none"> • Action carried out • How Recent was it? • How Frequent is it?
Power Map	<ul style="list-style-type: none"> • Authority level of the lead • Influence on decision making
Time	<ul style="list-style-type: none"> • Accumulate the data over time • Grow data and update the score

Source: Garner (2011)

According to LeadFormix (2011) in a recent study by Garner, "up to 70% of sales leads are not properly leveraged or are completely ignored, thus wasting marketing program money." Based on lead scoring as seen in Table 1, marketing can differentiate between leads that are sales ready and those that are not. Accordingly, marketing can pass on the sales ready leads to the sales team and then focus their efforts on nurturing those leads that are not yet sales ready.

Having good communication between the sales and marketing teams is very important to achieve success with lead scoring programmes. With the correct analysis and lead scoring results, closing deals is easier and more effective.

Barron (2009) states that complete data fields would determine the success rate of the data probe, i.e. if the key information (explicit and implicit) is not complete, only half the data on leads could be analysed for scoring, which means the scoring could be inaccurate and valuable time could be wasted.

For this research, the leads information with which sales are correlated was obtained from the internal system that Barloworld Motor Retail uses to manage their online presence. Data regarding leads obtained from the www.mywheels.co.za Website for the period

29/08/2011 to 10/10/2011 were extracted by the Department of Research and Development at Barloworld Motor Retail.

The research design falls back on action research. *O'Brien (1998)* states that action research is used in real situations, rather than in contrived, experimental studies, since its primary focus is on solving real problems. *Cassell and Johnson (2006)* also state that the term 'action research' is increasingly used by companies to describe and justify their activities. Ethical consideration action research is conducted in real circumstances and involves close and open communication among those involved.

The data collection techniques used in this research included information gathering via a Website, www.mywheels.co.za. A measurement was done of how many customers provided information and posted requests on the site. It was also possible to ascertain exactly how many of the leads actually led to the purchase of a vehicle by adding weightings (see scoring examples and processes) to the questions answered by the potential customers that actually purchased vehicles.

The challenge of processing the information gathered from Internet responses is primarily one of volume. A very high number of raw transactions will normally be received, and in differing formats and contents. Data analysis is an important stage of the **research process**. Data analysis consists of examining; categorising, or otherwise recombining the evidence to address the initial propositions of the study by *Yin (1994)*.

The study was to evaluate all the leads received in July to October 2011 to determine if the leads could be scored with a result that can assist the sales and marketing teams to close deals and increase the company's Return on Investment (ROI). The study specifically answered the question whether a lead could be scored in categories named Hot, Warm and Cold. The short answer is yes, but more information needs to be collected to create an in-depth scoring system for Barloworld Motor Retail.

Research Findings:

1. More than 900 leads were received for July to October 2011 on the www.mywheels.co.za Web page for Barloworld Motor Retail, with a closing ratio of only 1.8%. A faster response time and lead nurturing could improve the closing ratio.
2. Using only explicit data from the customer will not give an accurate score; implicit data should also be used for a more accurate score.
3. Barloworld Motor Retail should have a centralised lead management centre to manage, qualify, score and distribute all the leads received per month.
4. The cost per lead needs to be managed to increase the closing ratios and return on investments.

The researcher found that the lead scoring derived from the www.mywheels.co.za Website, could be measured with the information that was collected with the explicit data. The researcher however feels that with more implicit data, better lead scoring could have been done, and better conclusions could have been made.

Another difficulty was that the leads that were 'warm' and 'cold' could not be processed by means of lead nurturing for more accurate scoring. The causes of these difficulties were that only explicit data could be collected; no implicit data could be measured; and lead nurturing or lead distribution was not possible. Barloworld Motor Retail needs to rework the process of accepting leads, scoring the leads and then following up with a centralised process.

2. Section 1: Evaluation report

1. Executive Summary

Modern vehicle buyers are in control of the purchasing process. They have quick access to information that could assist them to make a final purchasing decision. Customers can self-educate and compare service providers and then choose which service provider will fulfil their needs best. Noyes (2011) finds that the buying process is facilitated by marketing actions on the part of the seller and the service provider should pay careful attention to the digital body language that prospects exert, not to miss signs that they are ready to engage in a purchase conversation with a salesperson. Monitoring a prospect's body language can indicate what action should be taken by sales and marketing, and that is when lead scoring becomes significant.

A *lead* is a potential customer who has a need for a service or a product and wants to learn more about what a company has to offer. According to *Das* (2011), lead scoring is a method of assigning points or markers to each prospect in your database. This is also part of customer relations management (CRM). Points are assigned based on specific criteria - the criteria are based on experience gained by analysing successes and failures in the current sales process. The higher the score, the higher the probability that the prospect is actively engaged in the buying process.

For sales and marketing to achieve success with lead scoring, these departments have to determine what qualifies a lead as a valid lead, because marketing needs to generate qualified leads in order for sales to actually confirm a deal.

Lead scoring requires explicit information like the prospect's name, surname and contact details as well as implicit information obtained from e.g. tracking the potential customer's activities and levels of interest via internet behaviours. This information can assist in defining whether he/she is sufficiently engaged to begin the sales process and should assist marketing and sales to qualify leads successfully.

Leads are scored as either A, B, C, and D or 1, 2, 3, and 4 or are classified as Hot, Medium or Cold - measurements that assist marketing in defining whether a lead should be channelled to the sales department directly, or nurtured more before progressing to sales. E.g. a hot lead can be sent to sales directly but a medium lead should be sent to marketing for nurturing until signs of engagement are detected. Cold leads can either be discarded or used in marketing for future marketing initiatives.

However, lead scoring is not without pitfalls. *Moody* (2011) explains that marketing automation systems are quick to tell you data but slow to tell you what data is missing. It is important to admit confidence in the initial data and, over time, measure the improvement in the quality of the data so that sales does not lose confidence in marketing if the expectations of scoring are not met immediately.

Lead scoring is not only a tool to predict who will purchase, but could also indicate who is ready to engage in a two-way conversation. It should indicate where someone is in the process of researching for more information. This is when marketing needs to use the data to improve efficiency and should set the stage for effective sales enablement.

2. Introduction

It is necessary to evaluate customer needs. Effective measures should be put in place to intervene in a situation where customer needs are not fully met to enable a service provider "to make it better" in some way. Evaluation reports can obtain this information and should ask "What is the problem? What for example, can Barloworld do to address the problem?" The responses should be evaluated and the results can be intended or unintended, desirable, affordable, replicable or sustainable.

According to *Blue and Hageboeck* (2006), evaluation reports are a combination of accurate description, a blend of existing and new information (evidence), analysis and interpretation of facts, as well as general conclusions about whether and why the intended results were achieved.

This evaluation report will define lead scoring, give an overview of its processes and principles, state when it is appropriate to use lead scoring, and situate the process within a research paradigm. The process of lead scoring will be described, including the various types of action research that are used today. The function of lead scoring will be described, and some principles and considerations discussed. The methodology used for action research, particularly the use of search conferences, will also be explained.

According to *Eloqua* (2011), lead scoring is an ongoing process and trends and best practices can shift over time. This report will specifically focus on the measurement of a lead scoring system for an automotive business which obtains leads via the Internet.

Miller (2010) defines a lead as a qualified prospect that is starting to exhibit buying behaviour. The researcher of this thesis defines lead scoring as a process during which leads are gathered, analysed, qualified, prioritised, nurtured and followed up on for the purpose of increasing the percentage of leads that is converted to actual sales and revenue.

Barron (2009) regards lead scoring (prospect categorisation according to demographics, budget, authority, needs, timeline and behaviour) as a component of lead management, which also includes lead nurturing (building a relationship with prospective customers over time by using targeted and consistent communications) and lead insight (measuring who responds to emails, visits the website, and shows key buying signs).

3. Background

Albee (2010) says that lead scoring is based on marketing that can automate the ability to know exactly when the leads in the nurturing program are sales ready and then transition them to the sales force without delay.

West (2009) explains that the Internet enables prospective buyers' ability to obtain comprehensive product information on their own. Only once they have processed the

information at hand, does the customer decide to contact a salesperson when they are ready to purchase. Before the Internet, sales could educate and mould customer opinions upfront, but now, it has become marketing's job to educate prospects and win their trust until they are ready to talk to sales. It has become marketing's task to build and interpret customer profiles and to create trust and loyalty early in the buying cycle.

According to *Lowery* (2010) "sophisticated lead scoring rules help focus sales pipeline activity which drives customer-facing reps to engage in more targeted, relevant and meaningful conversations, helping us result in a 32% increase in qualified lead conversion rates and a 125% improvement in average lead conversion time."

4. Descriptions of Evaluation Methods

This study sets out to measure and understand customer behaviours on the basis of customer Internet usage and to compare the results with other marketing initiatives and practices in the automotive industry. The researcher used the Barloworld Automotive www.mywheels.co.za Web page to obtain information for the research project.

A wealth of data is available to Barloworld Motor Retail, a market leader in the automotive industry, and it is possible to identify what sets vehicle buyers apart from other Web browsers by combing through aggregate data associated with the sales and marketing campaigns generated by more than 900 www.mywheels.co.za browsers. The primary analysis for this study is based on data gathered between July to October 2011 by Barloworld's Information Technology (IT) department. The data includes 1181 leads via the www.mywheels.co.za Web page (refer Figure 3). The research includes private and corporate customers.

4.1 Purpose of the evaluation

The purpose of the study is to probe for a lead scoring system for a retail automotive business that can use the scoring information to drive marketing and sales productivity to

increase revenue. As seen in Figure 1, lead scoring is important for revenue growth and a tool that enables marketing and sales to either identify ready-to-purchase customers or to identify leads that need nurturing.

Barron (2009) states that, from his analysis of traffic to three social channels, the impact of social media on market reach are growing. Facebook is a large contributor for both business to business (B2B) and business to customers (B2C) marketing and appears to be a promising channel to drive sales and marketing from the following points of view:

- Acquisition - Getting the customer to the site
- Conversion - Keeping the customer on the site
- Retention - Letting the customer return to the site

Odden (2010) explains the sales cycle and focuses on the revenue cycle that starts from awareness to actually becoming a customer.

Figure 1: LEAD SCORING REVENUE CYCLE



Awareness ⇔ All Names ⇔ Engaged ⇔ Prospect ⇔ Qualified ⇔ Lead ⇔ Sales Lead ⇔ Opportunity ⇔ Customer

Source: Fernandez 2010

Fernandez (2010) states: "Increasingly, marketing is being held accountable to produce revenue results, and this transformation requires a new focus on measuring and forecasting the impact marketing activities have on the bottom line. Companies with salespeople that spend the time to qualify leads ultimately generate more revenue.

To effectively drive return on investment (ROI) lead scoring can assist in a 9% increase in lead quality that translate into a 40% increase in sales productivity; (*Barron 2009*). By focusing on the right customers, at the right time, marketing can determine if a deal is likely to be successful.

It is very important for sales and marketing to work closely together because for example, unqualified leads don't get the attention required by sales if the customer is not ready to purchase. *Barron (2009)* feels marketing should assist the process by creating common lead definitions, simplifying follow-up processes, and driving alignment.

4.2 Evaluation design

As seen in Figure 2, two information streams are needed for lead scoring, namely explicit and implicit data. Combining the explicit and implicit data, marketing can determine the true value of the sales prospect and the likelihood of a customer actually buying. Leads can either be corporate leads i.e. buying for a company, or members of the public.

Figure 2: TYPES OF LEAD SCORING

Types of Lead Scoring		
	Implicit	Explicit
Behaviors	Online body language	BANT data (Budget, Authority, Need, Timeline)
Demographics	Inferred geography, Data quality factors, etc.	Demographics, typically captured from form data or data appending

Source: *Barron (2009)*

4.2.1. Explicit Lead Scoring

Explicit lead scoring is directly shared information, often collected via an online form or registration process on the Internet - see Figure 2. Demographic information is an indication of how well the prospect compares against other ideal buyer profiles whilst

BANT (budget, authority, needs, timeline) information can be used to indicate the prospect's sales readiness by (Barron 2009).

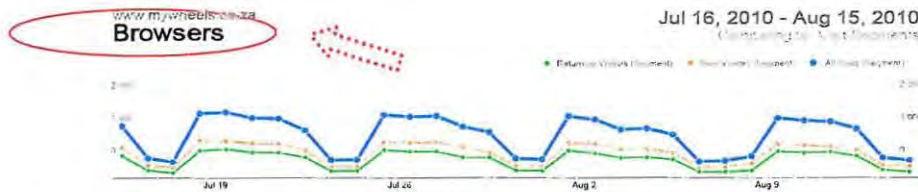
Demographic lead scoring is information like job title, industry, company size, and annual revenue. This type of lead scoring is critical because it indicates the level of interest of the potential prospect. The closer the prospect is to the ideal prospect profile, the better the fit with the solution and services, and the higher the score. It is important to have a well defined customer profile to be successful with demographic scoring.

BANT lead scoring tests whether the prospect can actually afford the product or service, whether the buyer is a private individual and decision-maker, and if so, whether the authority and ability to spend funds exists. It tests whether the prospect needs the product or service, and what determines the need for the product or service within a given timeline. The purchasing cycle is very important and the vendor needs to know at what point in the cycle the customer contacted the company.

4.2.2. Implicit Lead Scoring

Implicit scoring as demonstrated in Figure 2 involves tracking the prospective buyer's online body language to measure their level of interest in the products or solutions, e.g. on Google Analytics. As reflected in Figure 3, Google Analytics can be used to get insights into a specific website's traffic and marketing effectiveness.

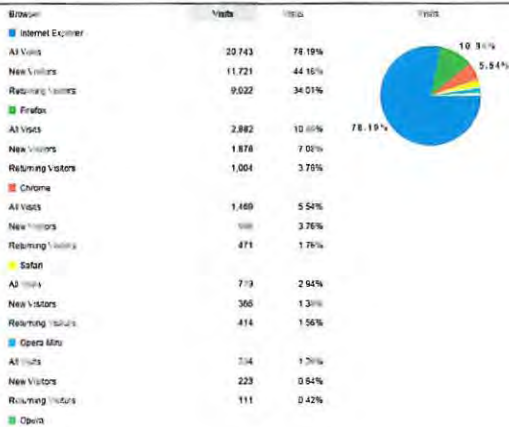
Figure 3: GOOGLE ANALYTICS EXAMPLES



26,528 visits used 33 browsers in the "All Visits" segment

Site Usage

Visits	Pages/Visit	Avg. Time on Site	% New Visits	Bounce Rate
26,528	8.77	00:06:37	58.15%	18.77%
New Visitors: 15,427	New Visitors: 8.89	New Visitors: 00:06:24	New Visitors: 100.00%	New Visitors: 19.98%
Returning Visitors: 11,101	Returning Visitors: 8.60	Returning Visitors: 00:06:57	Returning Visitors: 0.00%	Returning Visitors: 17.09%



All Visits	109	0.41%
New Visitors	62	0.23%
Returning Visitors	47	0.16%
BlackBerry10	82	0.31%
All Visits	47	0.16%
New Visitors	15	0.06%
Returning Visitors	0	0.00%
Mozilla Compatible Agent	44	0.17%
All Visits	44	0.17%
New Visitors	0	0.00%
Returning Visitors	24	0.09%
All Visits	22	0.08%
New Visitors	2	0.01%
Returning Visitors	0	0.00%
Mozilla	19	0.07%
All Visits	13	0.05%
New Visitors	6	0.02%
Returning Visitors		

Source: Google analytics (2010)

Behavioural scoring, according to *Barron (2009)*, identifies a prospect's readiness to buy. Google Analytics assists in measuring leads that visit specific Web pages, open emails, and respond to offers (high interest levels are indicated on Figure 3). In Table 1 the lead scoring weightings that were used for the research, are shown with a list of explicit points that we will use in future to measure the lead score.

4.3 Data Collection Instruments

As previously stated, *Brown (2008)* proposes that data be structured for the purpose of a lead scoring model e.g. for Web forms, landing pages, and CRM data entries.

Figure 4 illustrates the Barloworld www.mywheels.co.za Web page designed to collect explicit information from the customer.

Barloworld proved to not fully be geared to measure implicit information but the company is investigating options for the future. To measure the lead scoring we added some questions and tick boxes to see whether there is a change in the scoring to indicate a hot, warm or cold lead.

Figure 4: www.mywheels.co.za (Explicit) Internet Questionnaire

Vehicle Enquiry

Please complete the form below. Fields marked with ● are required.

Title: ●

First Name: ●

Surname: ●

Contact Number: ●

Cellular Number: ●

E-Mail Address: ●

Comments:

Are you a first time visitor to this website? Yes No

How did you hear of our website?

Web Browsing

Radio

TV

Friend(s)

Dealership

Would you like to tell your friends about us? If yes, please enter your friends email addresses below

Source: Barloworld Motor Retail Web page www.mywheels.co.za

Factors to take into consideration when determining a lead scoring model:

- Questions should be properly evaluated and selected to avoid data duplication;
- Questions should be compiled according to a standardised format and used in all forms designed to collect information;
- Data points that scores are based on, should not be derived from open ended questions, e.g. rather provide drop down lists that would capture consistent responses. Without consistency, there are just too many possibilities that make the data difficult to measure. In addition, data cannot be scored according to a formula;
- The questions asked should answer needs (those of the prospective client as well as those of the service provider) and must be linked to the possible value of a transaction that could be concluded between these two parties.

4.3.1. Information Gathering

To score leads on the basis of explicit information provided on a Web page, the following guidelines should be followed:

- Gather data that indicates the buyer's interest or sales-readiness;
- Test the lead scoring by running reports of actual leads to see if they reflect the agreed high-quality lead definition. If not, then re-examine the behaviours and demographics;
- Determine the ideal target by using all the relevant information, including demographic and behavioural scoring as seen in Figure 5, to create a target buyer profile. Keep in mind the explicit and implicit attributes. Then assign points based on their significance;
- Define what a sales-ready lead is. Establish a lead methodology, e.g. use points, letter grades, or the terms Hot, Warm or Cold. Assign lead scores according to explicit data such as demographic and BANT (Budget, Authority, Need and Timeline) attributes.

4.3.2 Selecting the Score Criteria

There are many types of explicit information which can be collected. Table 1 gives examples of more than fifty which might be considered. Barloworld Motor Retail used title, first name, surname, contact number, cellular number, email address, comments and source information. It is necessary to identify which boxes should be checked and included in the lead scoring model. Mark whether the attribute is critical, important, influential, or negative.

While most activities would be given positive scores, in Table 2 there are examples that would need a negative scoring. Negative scoring was not used in this research. When planning the lead scoring model never ignore negative scoring attributes. Use a combination of the positive and negative scoring methods for the best results. *Barron* (2009) lists negative scoring items such as email unsubscribed, no Website activity for a long period of time, a change in purchase timeframe, no progression in buying cycle added to "Do Not Call" list, spam complaint, negative social media comment and declines on contract/warranty renewals.

Table 3: LEAD SCORING WEIGHTINGS

Visitor	Clicked landing page	Time on landing page	View product page of dealer info	Request info or a test drive	Download specs or a map to dealership	Give indication of buying time line	Request financing information or affordability	Score
	Score 5	Score 5 if > 10 sec	Score 5	Score 10	Score 5	Score 5 > 4 weeks Score 10 if < 4 weeks	Score 10	
1	5	5	5	-	5	-	-	20 (cold lead)
2	5	10	5	10	5	10	-	45 (med lead)
3	5	10	5	10	5	10	10	55 (Hot lead)

Source: Researcher of the thesis developing a scoring method

Table 4: LEAD SCORE CATEGORIES

Lead Score	Priority Level	Marketing or Sales Action
0 - 40	Enquiry (Cold Lead)	Nurturing activities by marketing department
41 - 60	Lead (Medium Lead)	Move to Lead Administrators for qualification process or nurture with purchasing process in mind
61 +	Sales executives (Hot Lead)	Send to Sales (failure to close return to marketing)
	Explicit points assigned	Implicit - Google analytics

Source: Researcher of the thesis developing a scoring method

4.3.3 Data Quality

The quality of prospect data can indicate if there is a fit with the ideal customer profile. Typically, *Barron* (2009) feels that data quality scoring rules are used to “take points away” in order to focus on prospects with good data quality.

Urbanscience (2011) states that a lead qualification program is only as good as the data and predictive models it's built on. To build a strong data foundation, lead generation should collect enough data to allow for insightful data. Additional information increases the lead model's quality and helps form a strong lead scoring strategy.

4.3.4. Data Score

It is not an easy feat to determine data scores as there are factors that impact on the process, e.g.

- The completeness of fields in a CRM or marketing automation system comes into play when determining data scores. *Barron* (2009) states that comprehensive data fields would determine the success rate of the data probe, i.e. if the key information is not complete, the data on leads would not be available for scoring;
- Non-disclosure and a lack of information has been a major flaw in determining the data scores of e.g. private companies;
- Data must be decisive and clear as this can help create a much higher number of inquiries and leads. Many companies are now using automation to separate data from fluff because clear data enables better segmentation and accentuates relevance.

4.4. Data Collection Procedures

For this research, the leads information with which sales are correlated was obtained from the internal system that Barloworld Motor Retail uses to manage their online presence.

Data regarding leads obtained from the www.mywheels.co.za Website for the period July to October were extracted by the Department of Research and Development at Barloworld Motor Retail. This is the team who creates and maintains the Barloworld Motor Retail Websites and all administration tools related to the various Websites.

Sales data were extracted from the Dealer Management System (DMS) that Barloworld Motor Retail uses. The system is called Autoline and the probe period was from 29/07/2011 to 10/10/2011. Autoline is a DMS, and controls the new and used vehicle stock, which also allows for accessories and repairs to be costed against the vehicles (all costs relating to delivering and/or selling a vehicle are recorded against the specific vehicle). It is also a parts system that controls the movement and ordering of parts for the dealership. It is a Point of Sale (POS) system for costing workshop hours sold and parts sold. Furthermore, it is a finance system that controls all the financial requirements of the dealership. Autoline is an all-encompassing system specifically designed for the motor industry.

Three fields were used to get the data to compare with sold units:

- First lookup field: The company number (all fleet customers have an allocated number assigned to the company) and vehicle stock number;
- Second lookup field: The company, vehicle stock number and the customer' cell number;
- Third lookup field: The company number and the customer' cell number.

On the leads report, the following data were used in the three different lookup fields:

- The first lookup field was used to confirm that there was matching data;
- The second lookup field was used to see if the vehicle that the lead came in for, was the vehicle that was sold by the specific branch who received the lead;

- The third lookup field was used to see whether, if a lead was received, that the customer bought a vehicle from the dealership - be it the vehicle that was enquired on or another vehicle.

Figure 5 represents a sample from Marketo for scoring on behaviours. Notice that the behaviours can be categorised as critical, important and influencing.

Figure 5: SCORING DEMOGRAPHICS

Attribute	Value	Scores
Critical (10-15 points)		
Title	Director or VP	+12
Industry	Healthcare, Financial, or High Tech Industry	+10
Purchase Authority	Decision Maker	+15
Company Revenue	Greater than 500 Million	+10
Product	Using competitive solution	+15
Timeline	Identified, less than 3 months	+12
Important (5-9 points)		
Location	US	+8
Company Revenue	100 Million to 499 Million	+8
Title	Manager	+7
Timeline	Identified, more than 3 months, less than 6 months	+5
Influencing (1-4 points)		
Location	English Speaking, Non US	+4
Timeline	Identified, more than 6 months	+3
Title	Analyst, Coordinator, or Specialist	+4
Company Revenue	Less than 100 million	+1
Negatives		
Title	Student	-15
Title	Consultant	-5
Industry	Services	-6
Industry	ecommerce	-10
Location	Non English Speaking Country	-10

Source: Barron (2009)

The connection between collected data and scoring is that lead scoring relies on data to be effective.

5. Results of Research

As seen in table 5 in October 2011, Barloworld Motor Retail (BMR) registered a total of 10 907 visits to the www.mywheels.co.za Website with 6990 measurable leads. This compared relatively well to the 11 413 visits in September 2011. The drop in visits between September and October was less dramatic than the drops in visits between

June, July, August and September. It would seem as if a plateau had been reached, but this would only be confirmed with the November 2011 analyses.

Table 5: TOTAL MEASURABLE LEADS FOR SEPTEMBER AND OCTOBER 2011

October 2011		September 2011	
Total Measureable Leads:	6990	Total Measureable Leads:	7615
Carfind	2477	Carfind	2741
Mywheels	545	(Includes Zeda) Mywheels	457
Zeda	535	Zeda	553
CarMall	41	CarMall	52
Ford	0	Ford	1
Barloworld Motor Retail	243	Barloworld Motor Retail	174
Surf4Cars (data upto 16 Oct)	601	Surf4Cars	1092
GM	27	GM	4
John Williams	2	John Williams	6
Cars.co.za	2519	Cars.co.za	2535

Source: Barloworld Motor Retail www.mywheels.co.za

Table 5 shows the total leads of vehicles loaded on the Internet by the various dealerships and the effect of vehicles not loaded correctly. The lost leads are mostly due to the incorrect information or insufficient data loaded of a specific vehicle per dealership. Of the 6 990 leads received in October 2011, 74.12% were loaded.

Table 6: LEADS LOST DUE TO REJECTIONS IN OCTOBER 2011

Total Leads at 74.12% of vehicles available to load	6990
Total leads at 100% of vehicles available to load	9431
Leads lost on vehicles Rejected (25.88% of vehicles available to load)	2441
Total leads at 95% of vehicles available to load (acceptable rejection is around 5%)	8959

Source: Barloworld Motor Retail www.mywheels.co.za

Table 7: SEPTEMBER 2011 COMPARATIVE STATS

Total Leads at 73.20% of vehicles available to load	7615
Total leads at 100% of vehicles available to load	10403
Leads lost on vehicles Rejected (26.80% of vehicles available to load)	2788
Total leads at 95% of vehicles available to load (acceptable rejection is around 5%)	9883

Source: Barloworld Motor Retail www.mywheels.co.za

The total number of leads received for the month of October 2011 in Table 7 appears to have declined compared to that of September 2011. The main reason for this is that the leads from *Surf4Cars* were not received from around the 16th of October 2011.

The Barloworld Motor Retail (BMR) site is bringing in more leads than the dealership sites combined, and it has brought in almost half the amount of leads compared to the www.mywheels.co.za site. *CarFind* and *Cars.co.za* are providing the highest amount of leads for the automotive group, with both sites generating around 2 500 leads each.

The conversion of these leads is what is starting to become ever more important. Just out of the leads that went to Barloworld Motor Retail dealers, the conversion rate for *CarFind* is 1.61% and *Cars.co.za* is 0.85%. This calculation is based on leads generated in October 2011 and vehicles sold in October 2011, where the following criteria are common in both data sets (these being sales and leads):

- DMS dealer number;
- Vehicle stock book number;
- Customer cell number.

Zeda, CarMall and Daimler Chrysler (NMI) dealer were excluded, as the sales data were not available for the research.

5.1. Suggested Lead Scoring Method

Table 8 shows the suggested Barloworld Motor Retail lead scoring categories. Leads received that scores more than the suggested 60 points should go straight to sales for the return on investment (ROI). A warm lead scores a suggested 40 – 60 points and should be handed to the marketing department for lead nurturing. A cold lead that scores less than 40 should be nurtured by marketing and determine if the customer is a real lead.

Table 8: SUGGESTED BARLOWORLD MOTOR RETAIL LEAD SCORING CATEGORIES

Lead	Score	MS	
Hot Leads	60>	Sales Department	ROI
Warm Leads	40-60	Marketing Department	Lead Nurturing
Cold Leads	40<	Marketing Department	Lead Nurturing

Source: Barloworld Motor Retail www.mywheels.co.za

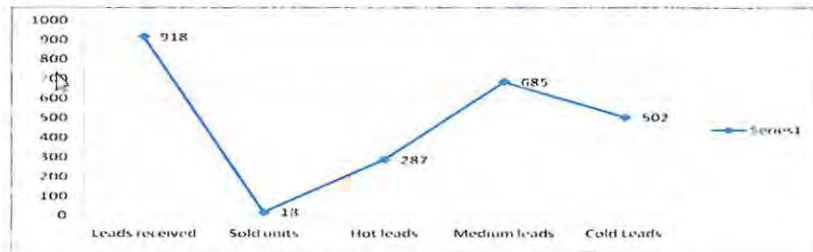
In Table 8 the number of leads received from the www.mywheels.co.za Web page for research, was 457 for September and 545 for October. General lead scoring with explicit data could be done with the conclusion found in Table 10. Table 9 illustrates the suggested Barloworld Motor Retail lead scoring categories that were tested in the research.

Unfortunately there is currently not a lead nurturing process in place to facilitate follow-up on an increase in lead scoring.

Table 9: DATA RECEIVED FOR RESEARCH

Leads Received	918
Sold Units	18
Hot Leads	287
Medium Leads	685
Cold Leads	502

Source: Barloworld Motor Retail www.mywheels.co.za



Source: Barloworld Motor Retail www.mywheels.co.za

As seen in Table 8 it transpires that, with more lead nurturing from the marketing department, the closing ratio of 1.9% can increase.

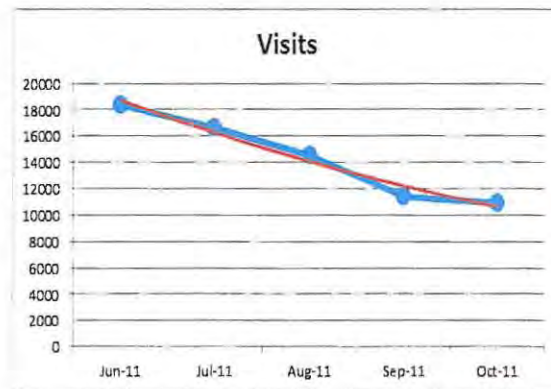
Gershik (2008) says that the actual score doesn't matter. According to *Gershik* "the important thing is that the point value is relative to other activities, so in the end, the higher the score, the more actionable the lead is".

Table 10: BARLOWORLD MOTOR RETAIL LEAD POINT ALLOCATION

Explicit	Point
Title	5
Industry	10
Purchase Authority	15
Product	10
Location	10
Timeline	20
Name	10
Contact Number	5
Email	10
Comments	5
	100

Source: Barloworld Motor Retail www.mywheels.co.za

Figure 5: VISIT TO THE www.mywheels.co.za WEBSITE



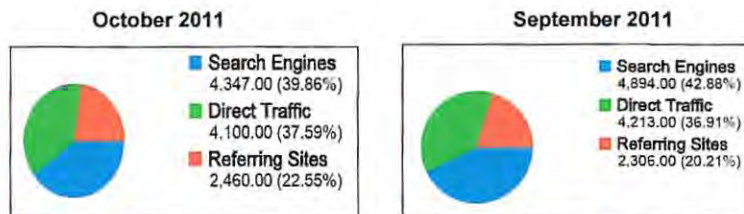
June 2011	July 2011	August 2011	September 2011	October 2011
18358	16634	14537	11413	10907

Source: Barloworld Motor Retail www.mywheels.co.za

Out of the 10 907 visits for October, there were 9 546 from within South Africa as seen in Figure 5. The ratio of visits to leads from within South Africa for October for www.mywheels.co.za was 17.52 : 1 (every 17.52 visits equated to 1 lead) compared to the September 2011 ratio which was 22.04 : 1.

For October 2011, traffic from all sources recorded a decline in comparison to that of September 2011. However, search engines still bring in the biggest amount of traffic to the site.

Figure 6: SEARCH ENGINES AND INTERNET TRAFFIC



Source: Barloworld Motor Retail www.mywheels.co.za

The top ten cities in SA, where the most visits to www.mywheels.co.za come from, create interesting reading. The highest concentration of visits come from the Gauteng region. Barloworld Motor Retail does not know how many of the dealerships and branches are using www.mywheels.co.za to look for vehicles instead of using Core (a Barloworld Motor Retail program) and the PDF tools. It would be interesting to measure how many of these visits are from genuine potential customers.

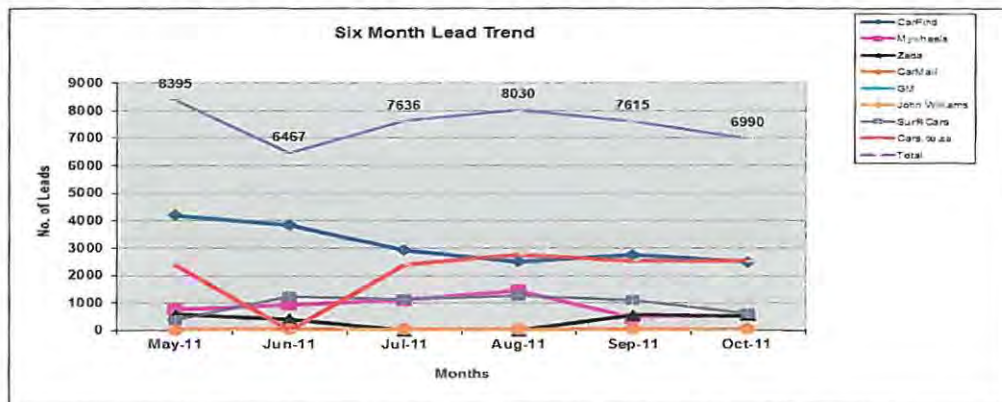
In table 11 the top 10 cities in South Africa are ranked to indicate the highest internet traffic for Barloworld Motor Retail's webpage www.mywheels.co.za.

Table 11: TOP 10 CITIES IN SOUTH AFRICA THAT BROWSE www.mywheels.co.za

City	Visits
Johannesburg	1,790
Cape Town	1,744
Kempton Park	1,383
Sandton	923
Pretoria	622
Durban	432
Constantia Park	375
Randburg	322
Centurion	248
Hatfield	187

Source: Google Analytics 2011

Figure 7 indicates six months' lead trends for measureable lead sources. In the graph the last six months per region can be monitored and measured.

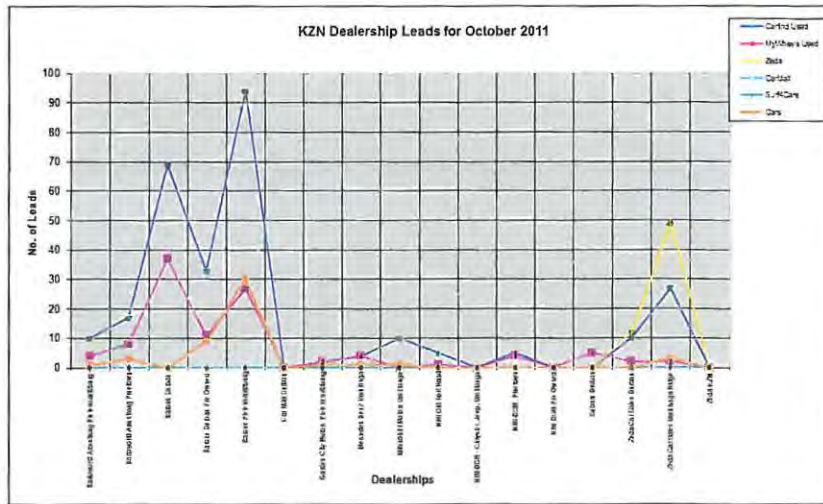
Figure 7: SIX MONTHS' LEAD TRENDS FOR MEASUREABLE LEAD SOURCES

Source: Barloworld Motor Retail Web pages.

The mywheel (purple) line in Figure 7 indicates the total amount of leads received from May 2011 to October 2011. If the number of leads is compared to the number of sales successfully closed off, there is a big difference. This underlines the need for proper lead management within Barloworld Motor Retail.

In Figure 8, Gauteng shows a high number of leads per dealership via the different Barloworld Motor Retail Web pages. It can be noted that the highest number of leads was received by Barloworld Toyota Centurion from the Carfind.co.za used vehicle Web page.

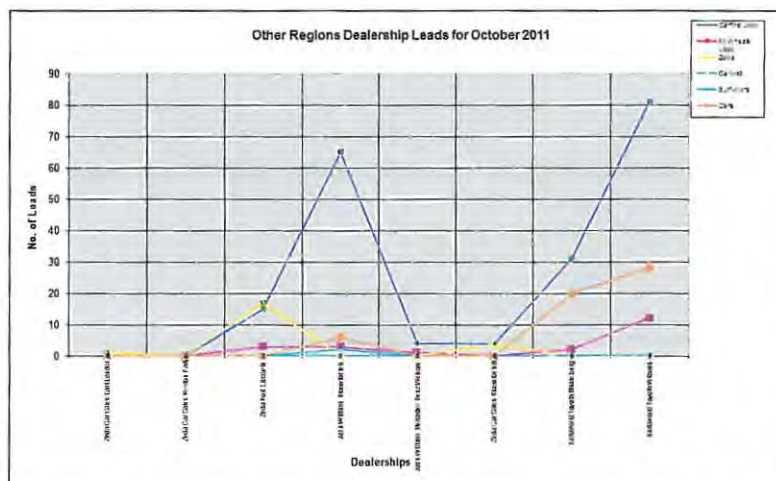
Figure 9: KWAZULU NATAL (KZN) DEALERSHIP LEADS FOR OCTOBER 2011



Source: Barloworld Motor Retail Web pages.

In Figure 10 the graph shows the number of leads that was received per region within Barloworld Motor Retail for the month of October. In the research the leads could be scored and the closing ratio could be determined, but Barloworld Motor Retail needs to put a lead nurturing process in place to increase the number of sales concluded. Barloworld Toyota in Witbank shows the highest number of leads received from the Carfind.co.za Web page.

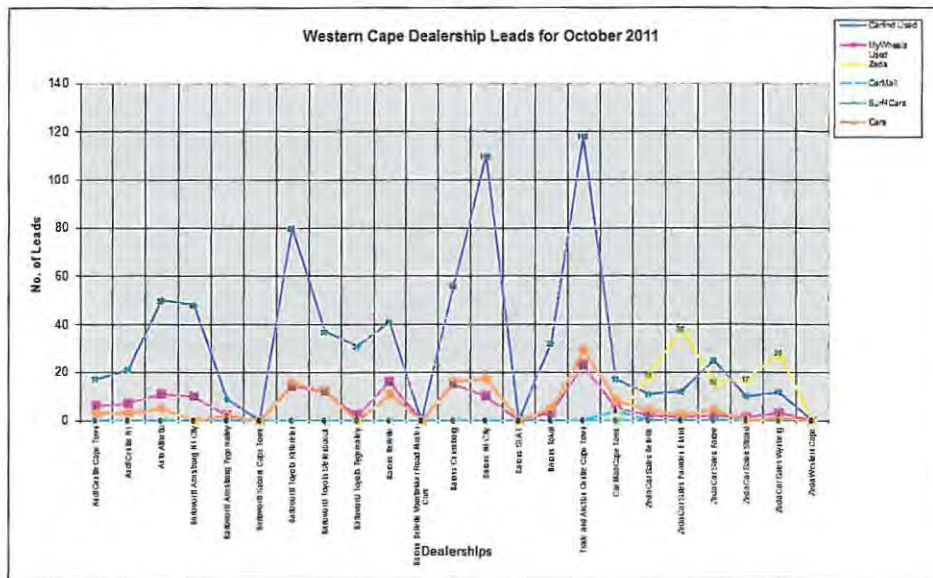
Figure 10: BARLOWORLD REGIONAL DEALERSHIP LEADS FOR OCTOBER 2011



Source: Barloworld Motor Retail Web pages.

In Figure 11 the number of leads for October in the Western Cape can be seen and compared to those in Gauteng and KwaZulu Natal. Toyota in Cape Town indicated by the blue line shows the highest number of leads received from Carfind.co.za, with VW N1 City receiving the second highest number of leads.

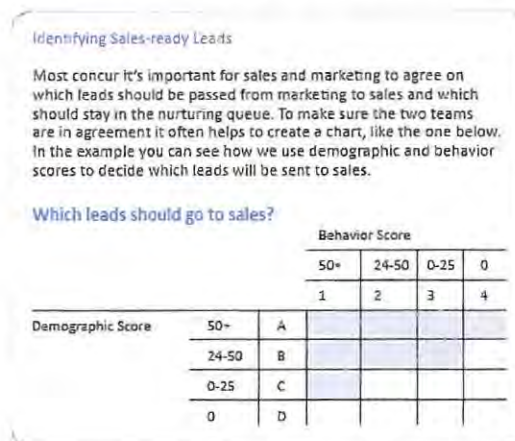
Figure 11: WESTERN CAPE DEALERSHIP LEADS FOR OCTOBER 2011



Source: Barloworld Motor Retail Web pages.

With all this information relating to the number of leads in the different regions and by Web page, Barloworld Motor Retail still needs to focus on increasing the closing ratio. With marketing and sales working as a combined team, measuring the leads received and then scoring the leads, the correct department will receive the correct information. Hot deals are routed to sales and warm and cold deals are routed to marketing for lead nurturing (see illustration in Figure 12).

Figure 12: SALES READY LEADS

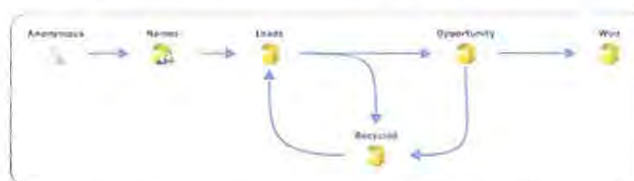


Source: Barron (2009)

5.2. Explanation of the Results

As seen in the lead process in Figure 13; when a salesperson receives a lead, the decision must be made as to whether to promote the lead into an opportunity or to recycle it back to marketing. The crucial determinant would be whether the prospect is ready to enter a buying cycle or not.

Figure 13: LEAD SCORING PROCESS



Source: Barron (2009)

Leads that are not ready to commit to a purchase at a certain time are pushed back into the queue and will be revisited in future to probe for a higher purchase probability score.

Figure14: MULTIPLE LEAD SCORING LEVELS

Source: Barron (2009)

Figure 14 indicates how the lead scoring rules are reactivated. If a queued lead gathers a high enough score, it will be moved back to sales for requalification. Lead scoring therefore could feature many times in a revenue cycle.

Once the revenue cycle has been mapped out and the procedures for the implementation of the scoring rules are apparent, the salesperson should start tracking sales by following up on these newly scored and prioritised leads.

To ensure a follow-up on sales leads, sales and marketing should agree on a reasonable Service Level Agreement (SLA) that establishes the time limit for task completion which differs for every company. The quicker the follow-up, the quicker deals can be finalised.

5.3 Results driven Strengths and Weaknesses

Companies often confuse their salespeople by not communicating the values of lead scores in a visually and easy to interpret manner. To manage them correctly, salespeople need to know what values these scores represent. Using grading systems (A, B, C, D) or words like Hot, Warm, Cold, or visual cues like traffic lights (green, yellow, red), tells sales reps in one glance to which extent the lead is sales ready.

Adding priority markers (e.g. flames for urgency and stars for quality) allows salespeople to prioritise actions on leads. Priority markers indicate how fast a lead's score has grown and is mostly based on the speed with which online behaviours are scored.

Salespeople should not be bogged down by too much details on the scoring method but will benefit from seeing how the score was created by concise briefs containing the highlights, interesting moments, and key behaviours that indicate that a lead is reaching sales readiness.

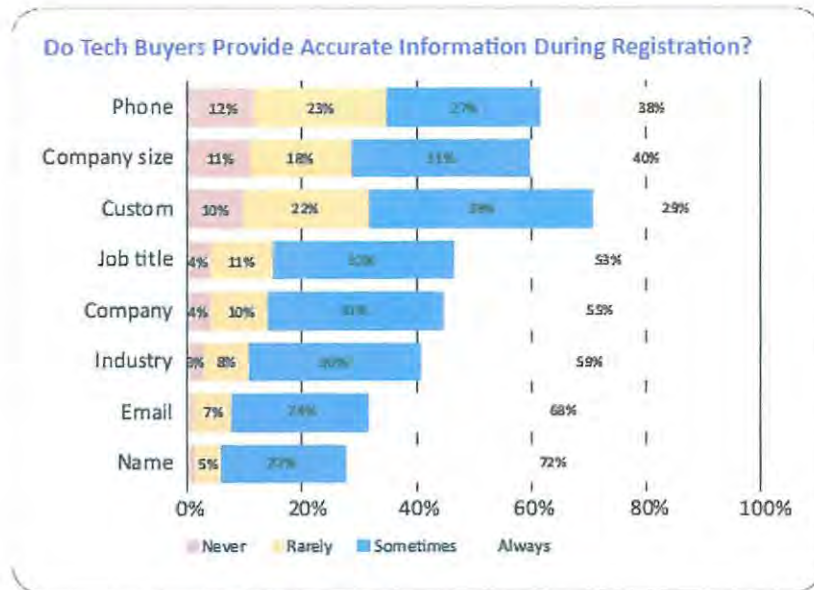
Lead scoring models are sometimes hampered by logical or structural missteps that may lead to less accurate scores. Sales and marketing needs to know what to avoid when creating a lead scoring model.

BANT (Budget, Authority, Need and Timeline) could help to identify a prospect that is in buying mode, but many forms display inaccurate information. Prospects answer falsely when:

- They are not the decision-maker and do not actually know what the process is about;
- The timing is wrong;
- Their budget priorities are not aligned with a purchase;
- They don't want to be bothered with sales calls or emails.

A prospect will often choose to give inaccurate information even if they have all the right answers. The MarketingSherpa Research chart in Figure 12 indicates that information about telephone numbers is the most unreliable. The reason for this is that prospects just don't want to be contacted before they are ready. The best way to determine readiness is tracking their online behaviour.

Figure 15: ACCURACY OF INFORMATION ON VARIOUS DIMENSIONS



Source: Barron (2009)

In Figure 15 the accuracy of information is measured on various dimensions. It is important to understand how accurate the information is that is supplied by customer. Information like phone number, email, job title, industry can only be measured if supplied by the customer. In Figure 15 according to Barron (2009) the phone number, company size and custom is the highest percentage information not supplied in the information gathering process.

5.4. Costs and Benefits

The profile of a lead needs to be established to make sure that it is a quality lead that will result in a sale. Once the lead profile is established, the salesperson will be in a position to not waste time on leads that won't generate immediate sales. When each lead has been scored, the salesperson can prioritise his/her focus on ripe leads at the appropriate time. The lead scoring tool therefore plays an integral part in the sales planning process to assist the selling enterprise to meet or beat its sales and revenue targets within the stipulated deadlines.

Lead scoring should increase sales productivity, increase the number of leads converted to opportunities, and decrease sales cycle times for qualified leads - the before and after metric should therefore be carefully captured to compare results and to demonstrate the actual value.

Lead scoring can only be applied successfully if the service provider understands the time span of the average sales cycle and is in a position to compare this average to sales times recorded after lead scoring. To determine an average takes time and requires 'interactions', and the comparisons between the before and after will be an ongoing process and will have an ongoing impact on the statistical trends.

Organisations that not only measure Web page visits but also measure e.g. outbound calls, test drives and demonstrations to prospective clients, are in a better position to gauge these averages and can compare the revenue earned by each salesperson before and after lead scoring has been implemented. If the trends indicate a consistent increase in revenue that would be an indication that leads scoring did indeed positively impact on the business income.

6. Recommendations

For the purpose of this research, the motor retail industry is used as the benchmark to measure an automotive company's (specifically Barloworld Motor Retail's) past performance, continuous improvement and future success.

As stated, the ultimately goal with lead scoring is to create a pipeline of activities and to maximise funneling for conversion into actual revenue. *Eloqua* (2011) also proposes an adjustment on expenditure on marketing or the reallocation of resources on the sales side, to focus on the most effective campaigns, and to increase conversions from enquiries to actual sales.

The key recommendations to Barloworld Motor Retail would be to start with regular meetings between marketing, sales and IT in order to establish a direct channel for

communication and the sharing of information. The roles within these departments should be clearly defined and it must be clear to all who will assume responsibility for what actions once a lead is given to marketing or sales.

Lead scoring is a time consuming and complicated process and the following has transpired from the Barloworld Motor Retail research:

- Both marketing and sales are required to ensure more good business – this link is still lacking at Barloworld Motor Retail;
- The www.mywheels.co.za Website yields good explicit data, but requires more implicit data to determine a more reliable lead score. The site should be reworked to facilitate the procurement of more comprehensive implicit data. Implicit data that should be collected includes for example: a measurement of the time spent on the actual Web page, requests for a demo, requests for quotations, an indication of the purchase time, and the frequency in which information is downloaded;
- Lead scoring is an ongoing process that requires a lot of follow through and the consistent analysis of data, updates and measurements. Barloworld Motor Retail would therefore greatly benefit if the company could set up a centralised lead management team that could score, nurture and follow-up on all generated leads;
- Each industry and company has its own lead scoring rules and requirements and Barloworld Motor Retail has options: the company could either purchase a lead scoring program from the US or continue to develop their own unique system that is specific to their requirements and accustomed to the buyer culture in South Africa. The researcher's recommendation is that a lead scoring system for Barloworld Motor Retail's unique culture and customers should be developed. Barloworld already has a very efficient IT department with the necessary skill and ability to develop its own programme;
- Lead scoring can assist marketing in measuring advertising campaigns for a better success rate;
- Lead scoring can become a focus point for Barloworld Motor Retail in driving Internet sales results for the overall business unit;

- Companies that focus on lead nurturing in the marketing department show greater effectiveness and a growing number of qualified leads;
- The growth of the Internet and social media proves that the sales focus has to evolve with the new market trends or Barloworld Motor Retail risks being left behind. Lead scoring can assist in managing this fast growing demand;
- Social channels are contributing to growing market exposure and Barloworld Motor Retail must focus on a synergy between its online and traditional marketing tools;
- Obtaining applicable data is important to top-performing companies and improves their lead scoring efforts;
- Companies that focus on revenue performance management strategies are showing the returns on the investment;
- It is important to know the cost per lead, the opportunity, the closed deal, and also which marketing initiative produces the greatest return on investment. With this knowledge, marketing can focus on precise campaigns and cut those that don't attract customers. After the leads are generated, the decision needs to be made as to whether a lead is sales ready or if it needs more nurturing (see Figure 10) and to this end; marketing and sales would have to agree on the same operating strategy.

7. Conclusion

To become a market leader in the industry, Barloworld Motor Retail should focus on its marketing databases and centralise its marketing and sales data for scoring, prioritisation, segmentation and targeting purposes and to be in the best position to measure trends and to analyse data consistently. Noyes (2011) says that lead management tools like lead scoring are one of the top three most widely used technologies among best-in-class sales and marketing functions next to CRM and email marketing.

Companies who wish to improve their operating and measurement systems to help them maximise their income, have to adapt to change.

The recommendations listed in Point 4.4 concern an optimised lead scoring system at Barloworld Motor Retail and have been made after examination of the existing systems and procedures at that retail automotive company.

The aim with the recommendations is to propose change at Barloworld Motor Retail to enable the company to achieve the objective of possibly increasing their income revenue by means of an improved lead management system.

Lead scoring is an essential part of lead management and the Web, that yields leads through data obtained from e.g. the Website www.mywheels.co.za, has become a very useful tool to track the behaviour of prospective customers.

Once a prospective customer's level of interest in a company's products and/or services has been measured and a choice has been made as to the quality of that lead, a company like Barloworld Motor Retail can decide to which extent and by which department those services and products will be provided to meet the customer's needs at a specific point in time.

Lead scoring is therefore an expected addition to any customer profile database. Without it, salespeople will not be in a position to qualify leads and they will lose valuable sales time as well as sales focus – and perhaps also valuable revenue for the company. The focus on lead generation should be on the quality, not on quantity in order to maximise any investment.

3. Section 2: Literature review

1. Abstract

The concept of lead scoring is interpreted as a division of the marketing concept. The marketing concept includes the satisfaction of customer wants and needs by supplying a product or service. According to Kotler, the marketing philosophy sees the consumer or client as the central focus of all the activities of an organisation because no organisation can survive without the continued support of its consumers. The marketing philosophy should regard a genuine concern for consumer welfare, also known as consumer orientation. Marketing also focuses on the fulfilment of the consumer's satisfaction to achieve an organisation's short and long term goals. Lead scoring as a part of a company's marketing philosophy is then defined as the process of ranking a lead's level of interest and sales readiness according to a methodology agreed upon by both the marketing and sales teams, *Fernandez (2010)*.

Marketing and lead scoring share a common goal and in most cases these two business processes feed off one another to achieve business objectives like e.g. increased sales volumes and revenues. That is, marketing results in lead generation which in its turn results in the formulation of criteria for the lead scoring process. The objective is also to focus on lead nurturing, which is essentially a sales activity, but supported by the marketing concept. Leads need to be nurtured in order to obtain basic information about customer needs. Through this gathering of information, the company can guide customers in the purchasing process to ensure maximum satisfaction of their wants and needs.

To express the importance of lead scoring, *Doran (2009)* conducted research that showed that by using lead scoring a company can increase sales by 117% if opportunities are correctly channeled after lead nurturing. Telemarketing follow-up calls had a 200% higher connect rate due to educated prospects. Marketing shortened the sales cycles by 30% due to added efficiency of a coordinated buyer's process. These increases in sales were the direct result of lead qualification of about 60% of the marketing prospects.

This research is undertaken under two main headings namely:

- Marketing, and
- Evaluating a Lead Management System by introducing Lead Scoring.

Under the heading 'Marketing', the following aspects are addressed: The marketing concept, marketing mix, consumer behaviour, internet consumer behaviour and internet marketing. For each of these topics, an analysis is made of how they specifically impact on the lead scoring concept.

Under the heading 'Evaluating a Lead Management System by introducing Lead Scoring', the following aspects are addressed: lead identification, lead collection and consolidation, predictive analysis, lead enhancement (lead nurturing), and lead distribution.

The researcher of this thesis defines lead scoring as a process during which leads are gathered, analysed, qualified, prioritised, nurtured and followed up on for the purpose of increasing the lead percentage that is converted into actual sales and revenues.

Lead scoring provides a framework to gather, analyse and interpret sales lead information received from the market in a manner that will provide actionable information on where sales activities should be concentrated. The lead scoring process also highlights trends in consumer preferences. It is necessary to be familiar with consumer preferences to form an understanding of consumer behaviour according to which the service provider can form a customer service strategy.

These strategies should influence the target buyer's purchasing decision with the company by actively measuring lead scoring. This also results in further marketing and sales activities being undertaken on those leads that are most likely to be fruitful in current and future sales.

To conclude, a justification is given of the claim that lead scoring is a sub-set of sales which in turn is a subset of marketing.

2. Marketing

2.1 Marketing Concept

As articulated by *Kotler (2000:19)*, “the marketing concept emerged in the mid-1950 and challenged the preceding concepts. Instead of a product-centered, make-and-sell philosophy, we shift to customer-centered, ‘sense-and-respond’ philosophy. The job is not to find the right customers for your product, but the right product for your customers. The marketing concept holds that the key to achieving a company’s organisational goals consists of the being more effective than competitors in creating, delivering and communicating customer values to its chosen target markets.”

Chekitan and Schultz (2005), introduced the notion of SIVA which stands for Solution, Information, Value, and Access. This is basically the four P’s of the marketing mix, namely Product, Promotion, Price and Placement of *Kotler (2000)* renamed and reworded to provide a customer focus as reflected in Table 1.

Table 1: A CUSTOMER-FOCUSED VIEW OF THE MARKETING MIX

Product	→	Solution
Promotion	→	Information
Price	→	Value
Placement	→	Access

Source: Chekitan and Schultz (2005).

The *product* is defined as the solution, a term to align goods and services provided by the company to meet the defined and perceived needs of the customer. The concept of the product as a solution to customers’ problems includes a much wider definition of the value components delivered to the customer than simply the tangible product. This has direct relevance to lead scoring in that lead scoring is an instrument which can provide most of the information about the customers’ wants and needs in order to deliver the solution which will satisfy the customer.

Promotion is defined as information. The concept of promotion covers the communication of information regarding the availability of the solution to the potential customer. Promotions need to provide relevant information, thereby creating a demand for the solution. The transfer of the required information at the right time is a very important aspect of lead scoring.

Price is defined as value. This suggests that the customer will base pre-purchase, purchase and post-purchase behaviour on the perception of value provided by the solution. The rational buying decision will be positive when the perceived value is greater than the perceived cost. This is also relevant to lead scoring, because the perceived value can be better understood by an examination of what exactly actually generates leads.

Placement is defined as access. This is relevant as markets have evolved with the launch of the Internet, from a physical or geographical location, to the virtual. Customers today have almost unlimited real-time access to a vast range of information and special offered solutions for any customer need. This is the basis for lead scoring to ensure a company can maximise its current data base, create new prospects and connect with customers far beyond its traditional area of responsibility. The generation of leads via the Internet and sophisticated lead nurturing, will increase the communication to previously remote customers.

To further explore marketing in relation to the conceptual positioning of lead scoring, reference will be made to the four pillars defined by *Kotler (2000:19)*, on which marketing rests, namely, the target market, customer needs, integrated marketing and profitability.

Target Market: *Kotler (2000)* defines a “target market or target audience as a group of customers that the business has decided to aim its marketing efforts and ultimately its merchandise at”. This concept implies that companies will have to choose their target markets carefully and then tailor their marketing strategies to best meet the needs of their target market. In lead scoring, the concepts of lead generation, lead collection and

consolidation, predictive analysis, and lead nurturing are all aligned with the requirement to reach potential customers within the desired target market.

Customer Needs: *Kotler (2000)* distinguishes between five types of needs, namely stated needs, real needs, unstated needs, delight needs and secret needs.

Stated Needs: E.g. the customer wants an inexpensive car.

Real Needs: E.g. the customer wants a car whose operating cost, not its initial price, is low.

Unstated Needs: E.g. the customer expects good service from the dealer.

Delight Needs: E.g. the customer would like the dealer to include a gift.

Secret Needs: E.g. the customer wants to be seen by friends as a savvy consumer.

These needs as specified by *Kotler (2000)*, link with the concept of value as opposed to price. This can be used in a broader framework to define the total utility to be gained by the customer from selecting the solution. Being inter-active and seeking information from the customer, the process of lead scoring presents an opportunity to formulate an understanding of the customer needs.

A distinction needs to be drawn between responsive marketing, which refers to finding a stated need and fulfilling it; anticipative marketing that refers to what needs customers might have in the near future, and creative marketing that proposes solutions customers did not necessarily ask for but enthusiastically respond to. Lead scoring is potentially a powerful channel through which these approaches can be selectively applied and combined, if the customer can be persuaded to disclose more information.

Integrated Marketing: This process describes the embedding of the marketing philosophy as a guiding principle within the strategic focus of a company. This is a result when all the company's departments work together to serve the interest of customers.

Profitability or Return on Investment (ROI): *Kotler (2000)* defines return on investment as the ratio of money gained or lost on an investment relative to the amount of money invested. All companies need to achieve objectives which include sustainable economic value, or profit. These need to be managed with the awareness that financial and resource investment in longer-term strategic relationships or ventures may override considerations of short-term profit. This means that the core objective of the company is to maximise the long-term and sustainable stakeholder value.

2.2 Marketing Mix

In 1964 Neil H Borden published an article "The Concept of the Marketing Mix" in which he described the marketing manager as being a "mixer of ingredients". *McCarthy and Perreult (1996)* later grouped these into four categories known today as the marketing mix model's four (4) P's (Price Product, Place and Promotion). Marketers use this as a tool to assist in the implementation of a marketing strategy.

Booms and Bitner (1981) extended the marketing mix to the 7P's: Price, product, people, process, physical environment, promotion and place.

Marketing managers use this model to generate the best possible response from the target market by blending four (4) or more combinations in the best way. The elements of the marketing mix are all controllable variables. The marketing mix can be adjusted on a frequent basis to meet the changing needs of the target market and the other dynamics of the marketing environment.

The marketing mix concept is set out in Figure1:

Figure 1: THE MARKETING MIX



Source: *Unknow author ConstantinSoftware* (<http://www.sqaki.com/16/4P-7P-marketing mix>)

The key concepts exhibited in Figure 1 that are relevant to lead scoring are grouped into the marketing mix and the 7Ps, as follows:

Product:

The key attributes of value and effectiveness of the product include both physical (design, quality) and perception (branding, convenience) attributes. This suggests that the lead scoring system should include the collection and analysis of customer desires with regards to both physical and perceived value expectations.

Price:

The pricing strategies outlined reflect the need to balance competitiveness of offering against the need to cover costs and generate profits. This suggests that a lead scoring system should both create and communicate enhanced value awareness to the customer.

Promotion:

The various promotional activities suggested in the diagram, indicate that promotion should focus on communicating perceived benefits, and creating buying triggers through

inducing the customer to believe that an extraordinary opportunity to secure value exists. This suggests that a lead scoring system should be able to identify the buying signals, as well as proactively create the emotional state in which the purchase decision is most likely to be made.

Place/Distribution:

The various distribution channels identified in the diagram are those mechanisms that promote the accessibility of the product to the customer. The lead scoring system should therefore include easily accessible information about the solution, as well as enhance the convenience aspect. For high-ticket retail items such as motor vehicles, for example the aspect of physical contact, i.e. the look and feel of the product, must be built into the appropriate step, and the distribution channel must permit this feature.

People:

The people aspects specified are those that support the marketing concept so that customer orientation becomes part of the culture of the company. The lead scoring process must be designed in a manner that empowers people, improves customer service, and retains the marketing orientation of the company.

Processes:

Marketing processes are the actions that add value for the customer. Lead scoring must be integrated into the value delivery process of the company, for example by transferring the lead action responsibility from marketing to sales at the appropriate time.

Physical Evidence:

The physical evidence or the physical environment refers to what the customers perceive and experience and therefore the market positioning of the solution. The lead scoring system should reflect the desired positioning in terms of presentation, tone, and style.

2.3 Consumer Behaviour

The American Marketing Association has defined marketing as follows: "Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational goals, *Kotler (2000)*. In order to design and develop an effective marketing strategy (the right combination and types of product, price, promotion and distribution), an organisation needs to have a thorough understanding of how consumers tend to behave in the purchasing process. It is only then that the business will be able to implement suitable marketing interventions to maximise the probability of consumers buying its products, rather than those of competitors.

Perner (2008) defines consumer behaviour as "the study of individuals, groups, or organisations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs". *Kotler* has outlined the various stages in the consumer buying as shown in Figure 2.

Figure 2: A FIVE STAGE MODEL OF THE CONSUMER BUYING PROCESS

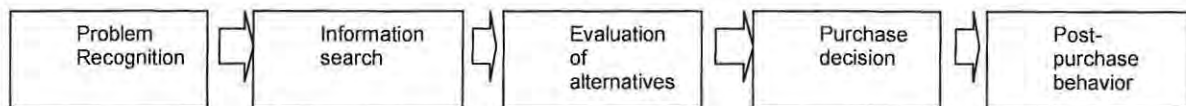


Figure1: KOTLER, P. (2000).

During the "information search" stage of the consumers' buying process, consumers tend to search for information which leads to the solution of their problem identified in the first stage. Up until relatively recently, the main sources of information tended to be media advertising, sales people, and word-of-mouth advertising.

With the advent of the Internet, however, a new dynamic source of information has become available to consumers to the point where *Doyle (2008)* states that "the individual marketing concept holds that the key to effective marketing is to use interactive

communications to develop individual relationships with consumers based on the provision of superior value through personalised products and services”.

Communicating with customers via the Internet is a new way of marketing that offers new dimensions and challenges. This marketing method can be used very effectively in ‘manipulating’ the decision making process. *Ablee (2010)* defines eMarketing as the use of the Internet and related digital information and communication technologies, to achieve marketing objectives. The right eMarketing strategy enables marketers to meet their prospects online as trusted experts engaging and educating them with relevant and valuable information that leads to sale success”, *Ablee (2010)*.

Ablee (2010) further asks important questions as to what is going to attract a customer to make him/her read a company’s email or messages or go to its articles. To attract and connect with prospective customers, the marketing strategy has to include interactive interventions. These interventions will enable the company to determine who its audience is, what they’re interested in and why they are interested in certain things.

“Marketers today are faced with a number of challenges, from building accountable and effective Internet lead generation processes, to reaching increasingly sophisticated buyers,” *Carroll (2006)*. One of the problems that businesses face, however, is how to make sense of the potentially vast amounts of information which it may receive as a result of interactive communication via the Internet.

One of the solutions to this problem lies in the process known as lead scoring. A lead is a person or company that is potentially interested in purchasing a product or service. *Fernandes (2009)* describes lead scoring as a part of a company’s marketing activities and as a process of ranking a lead’s level of interest and sales readiness according to a methodology agreed upon by both the marketing and sales teams.

Marketing and sales alignment can be easier to envision than accomplish the gap that can exist between marketing and sales, offering strategies to ensure these two

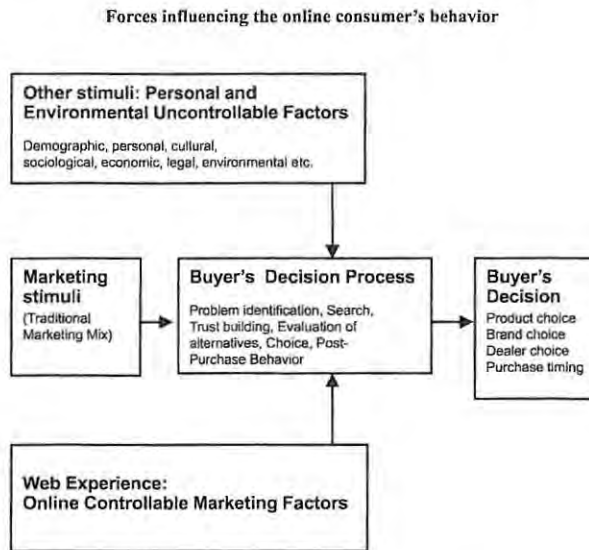
departments work together towards one common goal (*Barron 2009*). Lead scoring will continue to provide a common language for marketing and sales.

2.4 Internet Consumer Behaviour

The study of Internet consumer behaviour is a fundamental part of the gathering of information related to lead scoring. To an extent it is also relevant to the formulation of a leads nurturing model that will positively influence buyer perceptions and help to trigger the purchase decision. With regard to the purchasing of motor vehicles, consumers will seldom make a purchase decision without personal exposure by way of sensory explanation (look, feel and touch).

The primary and major source for the acquisition of leads tends to be the Internet. Therefore, the influence of the Internet sculpts the approach to secure not only an increased quantity of leads, but also to enhance the quality of leads secured in terms of information content and prospect interest retention.

Figure 3: FORCES INFLUENCING ONLINE CONSUMER BEHAVIOUR



Source: Based on the P. Kotler's framework (2003)

Source: Kotler (2003)

In Figure 3 the distinguishing factors between Internet consumers and consumers of other sources of information become apparent in that companies can begin to understand the profiles of the persons that are online - they can track what motivates the people to be online at that time, what sites they are looking at on the Internet, and what links will provide leads access from the profiles defined as the target market.

2.5 Internet Marketing (eMarketing)

Internet marketing connects the physically remote consumer with the product benefits through a process of abstract positioning, and focuses on obtaining 'hits' from consumers who are competent and enabled to make a positive purchase decision. Internet marketing refers to the strategies that companies use to market their products or services online.

These Internet marketing strategies channel targeted users towards specific promotional information and thereby hope to influence the consumer's behaviour in favour of the solution offered by the company.

Outcomes of these strategies are increased brand awareness, market share, sales and profitability. Methods used for Internet marketing include search engine optimisation and search engine submission, which direct generic enquiries towards the company's solutions, and copywriting on sites that encourages site visitors to take action, principally the buying decision, the physical design and layout of websites to enhance the communication impact of solution virtues and appeal.

Further methods include online promotions, shared links, and email marketing, all of which raise awareness of the company's branding and solutions.

"eMarketing can then be defined as the use of the Internet and related digital information and communications technologies to achieve marketing objectives. The right eMarketing strategy enables marketers to meet their prospects online as trusted experts engaging and educating them with relevant and valuable information that leads to sale success." *Ablee (2010)*.

Ablee (2010) explains eMarketing by asking the question as to what is going to attract a customer to read a company's email or message or go to its articles. Email could be a valuable marketing tool. To attract and engage prospects with your company, one has to take time to understand who the company's audience is, what they're interested in and why.

Internet Usage Statistic (2009) shows the growth in the numbers of Internet users worldwide has increased since 1995. In every region, growth in numbers of users from 2000 to 2009 has exceeded 140%, and is more than tenfold in Africa and the Middle East. The growth figures are set out in Figures 4, 5 and 6:

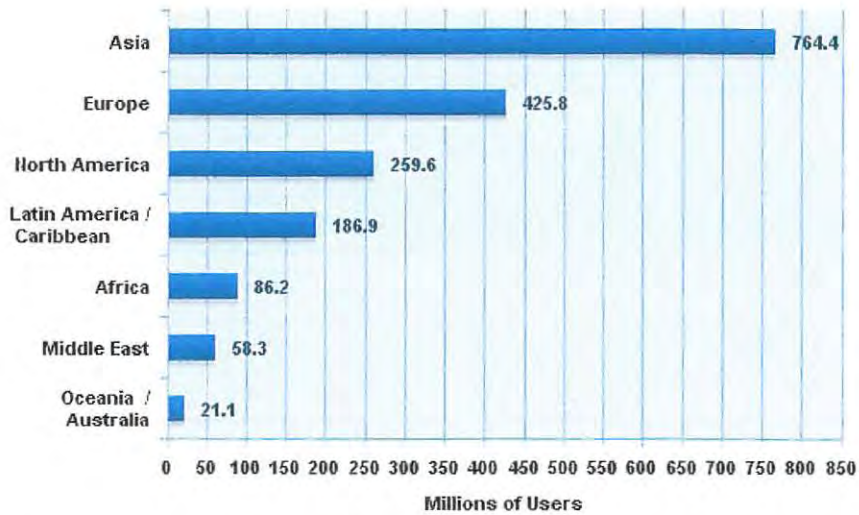
Figure 4: WORLD INTERNET USAGE AND POPULATION STATISTICS

World Regions	Population (2009 Est.)	Internet Users Dec. 31, 2009	Internet Users / stated Data	Penetration (% Population)	Growth 2000-2009	Users % of Table
Africa	991,002,342	4,514,400	86,211,900	8.7%	1,809.8%	4.8%
Asia	3,808,070,503	1,764,000	764,428,900	20.1%	508.8%	42.4%
Europe	803,850,858	105,096,093	425,773,571	53.0%	305.1%	23.6%
Middle East	202,687,005	3,284,800	58,309,546	28.8%	1,676.1%	3.2%
North America	340,831,831	108,096,800	259,561,000	76.2%	140.1%	14.4%
Latin America/Caribbean	586,652,468	18,068,919	186,922,050	31.9%	934.5%	10.4%
Oceania / Australia	34,700,201	7,620,400	21,110,490	60.8%	177.0%	1.2%
WORLD TOTAL	6,767,805,208	360,985,492	1,802,330,457	26.6%	399.3%	100.0%

NOTES (1) Internet Usage and World Population Statistics are for December 31, 2009 (2) CLICK on each world region name for detailed regional usage information (3) Demographic (Population) numbers are based on data from the [US Census Bureau](#) (4) Internet usage information comes from data published by [Nielsen Online](#), by the [International Telecommunications Union](#), by [GfK](#), local Regulators and other reliable sources (5) For definitions, disclaimer, and navigation help, please refer to the [Site Surfing Guide](#) (6) Information in this site may be cited, giving the due credit to [www.internetworldstats.com](#) Copyright © 2000 - 2010, Miniwatts Marketing Group. All rights reserved worldwide.

Source: INTERNET USAGE STATISTICS (2009)

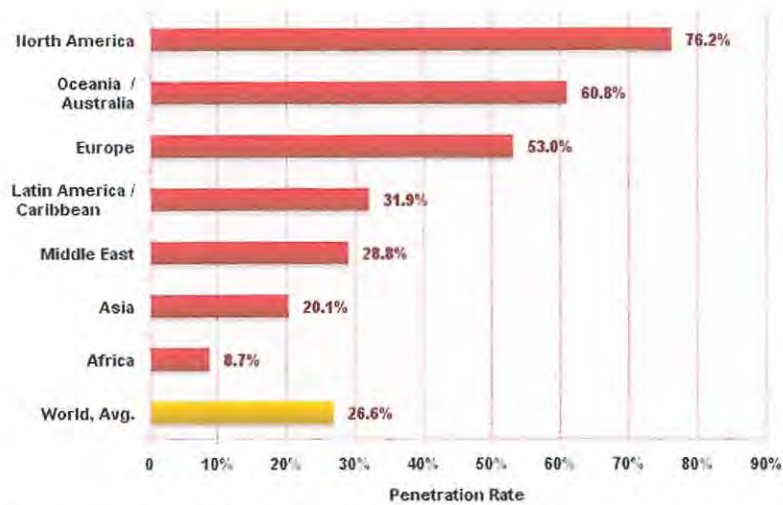
Figure 5: INTERNET USERS IN THE WORLD BY GEOGRAPHICAL REGIONS
2009



Source: Internet World Stats - [www.internetworldstats.com/stats.htm](#)
Estimated Internet users are 1,802,330,457 for December 31, 2009
Copyright © 2010, Miniwatts Marketing Group

Source: INTERNET USAGE STATISTICS (2009)

Figure 6: WORLD INTERNET PENETRATION RATES BY GEOGRAPHICAL REGION 2009



Source: Internet World Stats - www.internetworldstats.com/stats.htm
 Penetration Rates are based on a world population of 6,767,805,208 and 1,802,330,457 estimated Internet users for December 31, 2010.
 Copyright © 2010, Miniwatts Marketing Group

Source: Internet Usage Statistic (2009)

In developed countries, the majority of consumers are already Internet users, but as illustrated in Figure 4, 5 and 6, Internet usage in the developing countries is increasing significantly too.

The implication for lead scoring is that the Internet has very rapidly become an integral part of the information highway used by large numbers of the population. This rapid growth has provided hugely improved access to market information on a global scale. This poses a major threat as well as significant opportunity. The company, which fails to respond to the Internet as an important communication tool, will lose major market positioning opportunities and potential business to better informed competitors. In addition, the ability to access the Net and communicate interactively and seamlessly with a huge, multinational customer base, will provide vast market opportunities for companies offering suitable value propositions.

3. Evaluating a Lead Management System by introducing Lead Scoring

As lead scoring results in better quality leads, sales will continue to share their experiences with those leads back to marketing. Those discussions will force the departments to come up with common definitions and set precise parameters. A shared language will emerge, and the silos between marketing and sales will start to erode.

Lead scoring therefore provides a framework to gather, analyse and interpret lead information received from the market in a manner which will provide actionable information on where sales activities should be concentrated. It also highlights trends in consumer preferences and contributes to understanding consumer behaviour, customer product feature preferences, as well as informs the customer's service strategy.

Lead scoring comprises a number of activities as follow:

- Lead identification;
- Lead collection and consolidation;
- Lead nurturing;
- Lead distribution.

Each activity is explained as follows:

3.1 Lead Identification

This activity describes the process during which the company studies the data received of the potential customer that have been captured, to establish whether this information is in fact accurate.

Not all information captured will comprise a genuine lead. *Carroll (2006)* states that lead qualification is a process that focuses on the rating and scoring of all enquiries, regardless of the source from which they have been derived, by using a lead qualification process. As a result, the sales team can rest assured that they will only receive truly sales-ready leads.

“Once it is known where the lead fits into the sales process and into the customer buying process, the appropriate marketing action can be determined. This allows the nurturing of leads that aren’t yet sales ready and, where necessary, the sales team can hand leads back to marketing for further qualification,” *Carroll (2006)*.

SiriusDecisions (2006) has developed a lead level spectrum that is helpful where a prospect or lead is in the buying process. Table 1: “The spectrum is an effective tool in deciding when a lead should be handed over to sales, with the agreement in place as to what level of leads, sales should take. It ensures that these opportunities are handed over at the appropriate time. Interestingly high-performing companies seek to send Level 3 leads or greater to salespeople and they tend to have a much higher ROI.” The derivation of lead level spectrum has been proposed by SiriusDecisions as follows:

Table 1: THE SIRIUS-DECISION LEAD SPECTRUM

Level 1	A response from an individual to a marketing campaign or competitive offer. Taken together, this to demonstrate interest in your message, product or service.
Level 2	A meaningful interaction (via phone or email) with an individual meeting the requirements of a fully qualified company and audience.
Level 3	Level 2 , plus the individual demonstrates a specific need for and interest in your product or service.
Level 4	Level 3 , plus the individual is in the process of defining a requirement for your product or service.
Level 5	Level 4 , plus the individual has the responsibility, budget and a defined timeline for purchase.

Source: Carroll (2006)

The point, at which the responsibility for a lead should be transferred from marketing to sales (or from one function within the company to any other) at the appropriate time, is an important consideration in the design of a lead scoring system.

Figure7 describes the organisational positioning of the leads scoring system within the marketing, sales, and customer relationship functions. The leads scoring system takes a central position in communicating to all potential customers. The lead scoring system is concerned with attracting and gathering leads that need to be converted into sales. If

weighted scores and data filters are correctly inserted, the system will provide important information about market conditions, customer preferences, and trends in consumer behaviour.

The specific functions in Figure 7 most directly impacted will be the sales function and the marketing function, while customer relationship management and the overall corporate strategy should be closely informed by the leads scoring system.

Figure 7: MARKETING EFFORTS FOR LEAD SOURCES



Source: Hidalgo (2011)

Having identified suitable leads, the next step is to collect and consolidate those leads.

3.2 Lead Collection and Consolidation

This activity reflects the evolution of the lead from a need, motivating, enquiry from the customer through the stages of research solutions, in which the enquiry becomes a lead, and the development of a shortlist. Barron (2009) indicates at this stage, the lead has become a sales ready lead. Then it progresses to the decision stage, in which the proposals are reviewed, and the sales ready lead becomes a qualified prospect. Qualification strategies are applied in the process to predict which leads can be capitalised on. Predictive analysis refers to the relationships between a customer or attributes, and the tendency of the lead to result in a sale (or a non-sale).

The lead consolidation process will both cement the leads by securing contact with the potential customer, and then classifying the data according to type and the predicted robustness of the lead.

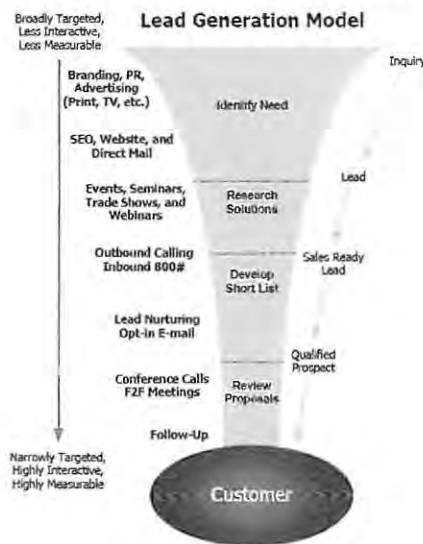
i.e.:

Clean data: Data or information on a lead which should be uniform and reliable.

Robust data: The coverage of specific characteristics linked to a lead. Some of the fields from a Website (used to engage a lead) are mandatory or optional.

Carroll (2006) proposes a typical process of lead generation in mirroring the buying stages of the customer as set out in Figure 8.

Figure 8: LEAD GENERATION MODEL

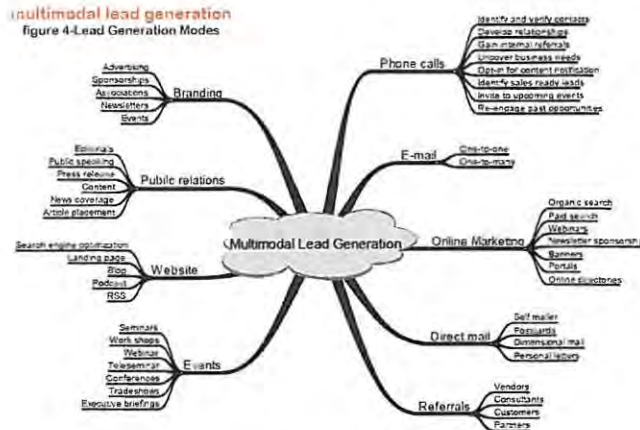


Source: Carroll (2009)

In Figure 9 the multi-model *Carroll (2006)* mind map is illustrated. There are lots of potential channels to generate lead sources. To be successful at generating leads

marketers must rely on different channels like branding, phone calls, emails, public relations, online marketing, Websites, events, referrals and direct marketing.

Figure 9: MULTI-MODEL LEAD GENERATION



Source: Carroll (2008)

3.3 Predictive Analysis of Lead Scoring

Predictive analysis refers to the processes to be applied to predict which leads are hot, and which are cold. Predictive analysis assists to establish the cause and effect of the relationships between a customer or lead parameter values or attributes, and the tendency of the lead to result in a sale (or a non-sale). Various techniques are used to predict the outcome of a lead, including statistical or observed correlation between certain attributes of the lead and buyer behaviour patterns in the steps in the purchasing process following the lead.

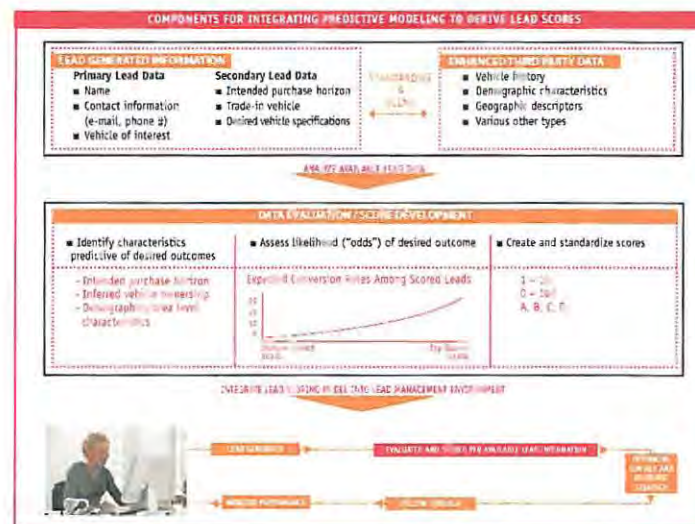
All sales originally begin as interests that get converted to leads, and the qualification process must recognise that leads are a good source of sales. The highest probability of converting to sales, and the highest positive organisational impact once they do become converted to sales. Lead scoring provides the methodology to prioritise leads, and to predict the probability of successful conversion of given leads to sales.

Predictive analytics such as correlation of attributes of a particular lead with those attributes that are most likely to result in the conversion of lead to sale are applied to the

lead data to identify the leads most likely to be sales ready. It also identifies the leads that may not be sales ready, but that have potential to warrant additional resources being channeled into lead nurturing. This process seeks to extract maximum sales conversion from the identified leads.

In Figure 10, *Parayil and Mann (2010)* highlights components that allow lead data to be integrated with other information in order to provide criteria that can be used to effectively handle any given lead inside a lead management system. This also highlights examples of data elements which may be available and predictive of vehicle buying behaviour.

Figure 10: COMPONENTS FOR INTEGRATING PREDICTIVE MODELLING TO DERIVE LEAD SCORING



Source: Parayil and Mann (2010)

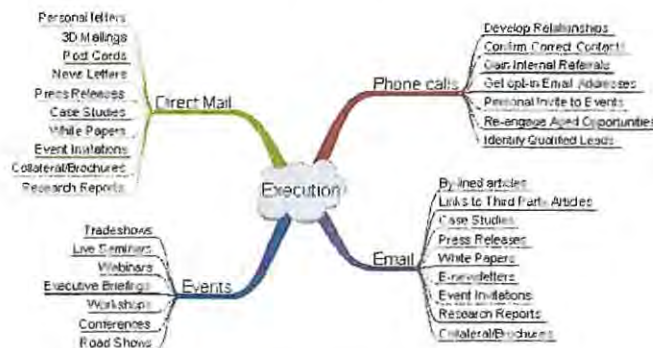
To measure a lead, a company needs to create a relative ranking of one prospective lead against another. This can be achieved by adding weightings to each lead input submitted over the Web. *Gershik (2008)* states that a company can determine whether it wants to be ranking it's leads as A, B, C or 'hot', 'warm', 'cold' or numerically, but what lead scoring should indicate, is whether marketing should be continued, i.e. should communication be continued, what information needs to be sent to Sales right now, and what client will never buy from the corporation at all.

Having categorised leads into 'hot', 'warm' and 'cold', consideration needs to be given to nurturing the 'warm' and 'cold' leads.

3.4 Lead Nurturing

This activity is all about having consistent and meaningful dialogue with viable prospects regardless of whether they are likely to buy immediately or sometime in the future. It's about building trusted relationships with the target market or willing buyers by being a relevant resource. It's all about adding value to future customers and helping them understand that you recognize their needs", *Carroll (2010)*. Illustrated in Figure 11 are different sources to assist in nurturing a customer.

Figure 11: LEAD NURTURING



Source: *Carroll (2006)*

In Table 2 is an example of a lead nurturing program framework, as proposed by *Carroll, (2010)*, is as follows:

Table 2: LEAD NURTURING PROGRAM QUESTIONS

Whom do I want to nurture?
What problems does the prospect face?
What is the prospect's top priority?
What does the prospect worry about?
What is my message?
What is the best way to deliver my message?
What action should the prospect take?
Should my product or service be demonstrated?
What are the incentives or inducements?
How often should I stay in contact?
Which tools require direct sales involvement?

Source: *Carroll (2006)*

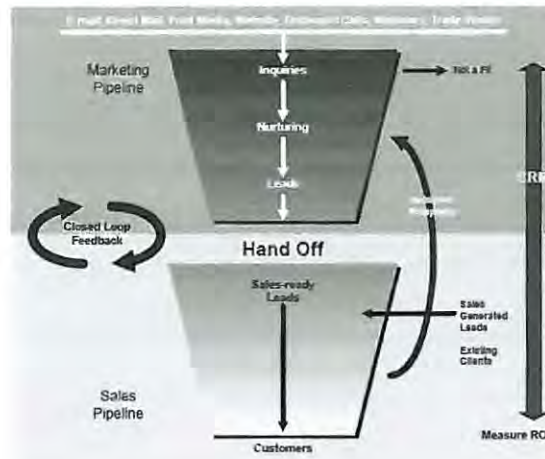
The biggest challenge for marketers is the quality vs. quantity tug-of-war. Quality leads are what sales wants, but the quantity of leads always seems to be more important to the executives who force marketers to switch focus and bring in volume instead of quality leads. Having drawn attention to the importance of nurturing 'medium' or 'cold' leads, consideration then needs to be given to what to do with these leads.

3.5 Lead Distribution

This activity is the process followed once a lead has been received. The response from customers will invariably be different depending upon the predicted rating of a lead, i.e. a 'hot' lead will be sent to the sales department or a 'cold' lead to the marketing department for more nurturing in terms of its potential for conversion into a sale. This process must be designed to incorporate the value adding elements of customer service, including response time, appropriateness of information, appropriateness of tone and the linkage to promotion (events, demonstrations. etc).

The lead distribution decision, contextualised within the lead cycle as seen in Figure 12, as proposed by *Carroll (2006)*.

Figure 12: LEAD MANAGEMENT PROCESS



Source: Carroll (2006)

The role of an effective lead management process is to watch and direct the conversion of sales leads into customers and to track specific leads as seen in Figure 12. Companies can describe lead management as the process of going from "first contact to close."

This process envisages a progression of a lead from the marketing pipeline into the sales pipeline. See Table 3 regarding the sales process during the marketing pipeline stages - the lead commences as an enquiry and is prequalified at that stage, possibly being rejected as not a fit. The enquiry is then nurtured until it becomes a sales ready lead, at which point it is transferred to the sales pipeline for the negotiation, closing, and contracting phases.

Table 3: SALES PROCESS TABLE

Step	Status	Description
0	FYI	Review requires special attention
1	Appointment	Lead qualified by marketing and sent to sales to be qualified
2	Qualifying	Sales person is determining if lead is actually a viable prospect
3	Prospect	Sales person actively pursuing
4	Profiled	Completed written proposal profile and opportunity assessment
5a	Preproposal	Confirming initial plan prior to formal proposal
5b	Proposed	Final proposal delivered
6	Committed	Agreement delivered and verbal yes to proposal
7	Active Contract	Agreement approved and signed
A	Nurturing	Was prospect and dropped out of the sales pipeline
B	Follow-up	Sent back to marketing for requalification, rescheduling, or lead nurturing
C	Rejected	This clearly wasn't a lead - returned to marketing
	Not a fit	Lead advanced beyond step 3 in sales process - sales person decided not a fit

Source: Carroll (2006).

The basic sales process shown in Table 3 is useful in determining the transfer of responsibility for a lead within a lead scoring model, as well as for establishing the measurement metrics to be used to evaluate the efficiency and effectiveness of the different role players in the process.

In lead generation, tracking leads must be ready to go when the program starts.

4. Lead Management System

In deriving this ranking, a good lead by any description, 'hot' or otherwise, benefits by application of the BANTS formula outlined by *Carroll (2006)*:

- Budget: Does the customer's affordability align with their financial plan?
- Authority: Does it involve the important players in the company's purchasing decision process?
- Need: Has a clear initiative or need been acknowledged? Are they motivated?
- Time Frame: Has it been determined when the purchase decision will take place?
- Sales Ready: Is there comfort in the imminent prospect of meeting with a sales person?

The mechanics of lead management underpinned by leads scoring are set out in Figure 13:

Figure 13: LEAD MANAGEMENT SYSTEM



Source: Parayil and Mann (2010)

According to *Schnabel (2009)* the most accurate lead scoring models comprise both explicit and implicit information. Explicit data refers to information that a prospect provides that is unambiguous such as title, industry, company, etc. Implicit data refers to information that is revealed by a prospect's online behaviour such as the pages visited, and the recency and frequency of visits. Research has shown that self-supplied explicit data can sometimes be over-inflated or understated, but actions never lie, so a combination of the two (implicit and explicit) will give the best criteria on what to score.

The lead scoring process is outlined in Figure 14 which shows the customer browsing the Internet. If the customer shows interest in a product or service, he/she provides the company with information that can be used to create a lead score. The score will be derived from the amount of information given by the customer, the time the customer spends online browsing, and the way the questions are answered. These questions can be modified to test the accuracy of the scoring system.

When a score has been allocated to the lead the hot leads can go to the selected sales department to close the transaction. If the lead is qualified as cold the lead needs to be transferred to the marketing department to nurture the lead. Leads can be handed from sales to marketing and vice versa. The focus should be to nurture the customer until the product or service is delivered and revenue earned. If it results in a lost sale the company needs to investigate to see why the sale was lost and change their strategy accordingly.

To create a unique lead scoring model as seen in Figure 14 there should be a clear process within the company, from the customer's original Web visits to the lead scoring process.

Lead scoring then becomes an important tool in implementing the company's marketing philosophy, contributing to the marketing mix and an understanding of consumer behaviour. Significant value is lost by defining lead scoring only as a method of assigning points to prospects.

Lead scoring has the capability to provide actionable information on specific sales leads, but can also contribute in a meaningful way to an understanding of real time consumer behaviour, which is dynamic in response to market and economic conditions.

Figure 14: THE LEAD SCORING PROCESS



Source: *Barron* (2009)

5. The Purpose of Lead Scoring

Lang (2010) explains that sales executives aren't good at putting a probability to close on their leads. Often when a sales executive is asked to report on the quality of a lead he/she will use a simple "lost" or "booked a test drive" as a response.

Sometimes this is to protect themselves and pad their numbers and other times the salesperson simply doesn't know how good the lead is yet. No-one wants to admit that they had a lot of great leads, but couldn't close the deals, so they wait to forecast leads until they absolutely know what is going to happen. This leads to a large gap and an unreliable sales pipeline as leads essentially go stealth for months until they suddenly pop up on forecast in the 'proposal stage'.

There is always going to be an unpredictable side to sales as sales entail interaction with people and people are inherently unpredictable. Prospects change their minds for so many reasons that it can become difficult to keep track of their wants and needs.

That being said, there is also a very predictable side to sales in that prospects tend to follow patterns and if service providers can educate themselves on these patterns, they will have a higher likelihood of closing deals.

Sales departments at Barloworld Motor Retail, for instance, should take a page from some of the marketing teams and learn how to track these behaviours and link them so that they are in a position to close more deals.

The purpose of lead scoring will be derived from answers to the following questions:

- What can the company do to enable lead follow-up?
- What data should be gathered for the sales team, to introduce them to leads and to assist them with sales?
- What type of data from the client is needed electronically from the Web to show their interest?
- What data from the Website is received that is often inaccurate?
- What should a company be looking for to enable them to track the behaviour of a customer who shows interests on the Website?

According to *Wilson (2007)* lead scores should really be compiled in two sections. Firstly, the lead's profile of the individual or company (job title, company size, department, BANT) should be determined. This information is going to be collected explicitly from e.g. the questionnaire on the Web page. The profile of a lead score is to measure the type of person sales would like to talk to.

Secondly, a lead score is a measure of how likely the person is to take the company's call and to want to talk the company. That is the lead engagement score. This score has implicit / activity driven components, as well as explicit components. An example of an explicit component would be that the lead requests to be contacted, or submits a request

for questions (RFQ) or a request for information (RFI). In these cases, the lead engagement score should automatically be set to a 'hot' lead. The more interesting measures are of silent engagement that is a combination of recency and frequency of visits to the Website, downloading of certain types of content, etc.

Wilson (2007) states that rather than thinking of A, B, C, and D leads, one should think of a 2x2 matrix as shown in Figure 15.

The X-axis is the lead engagement score, and the Y-axis is the profile / BANT score. *Wilson (2007)* explains that the top right quadrant is the buying zone. Those are the leads the company would like to talk to and who have indicated that they would like to talk to the company.

The top left quadrant is customers who the company would like to talk to, but who haven't really shown a whole lot of interest in the company yet. The bottom right quadrants are prospective customers that would love to talk to the company but who don't appear to have any real purchase authority.

Marketing should nurture these two groups very differently, for example by facilitating in one case special offer to drive increased engagement. In the other case, the company's really looking to use the lead to get to prospective clients with a more favorable profile.

Figure 15: MULTI-DIMENSIONAL LEAD SCORING



Sources: Wilson (2007)

Wilson (2007) mentions a third axis that he believes exists to measure where the lead is in his purchasing cycle. The axis indicates whether prospective clients are just trying to gather information or whether they are looking to actually purchase the vehicle now.

Having outlined the key features of lead scoring, each of the steps involved in the lead scoring process will now be explored:

6. Conclusion

Lead scoring assists companies to move lead prioritisation from a largely subjective process, to a more scientific approach that can be managed easily and cost effectively. Lead scoring is more than a pure ranking of customers in the buying cycle; it is a process for defining lead quality, sales follow-up and departmental cooperation within the company.

The scoring process reveals the following key conclusions:

The focus of the lead scoring process must be aligned to, and congruent with the marketing strategies of the seller, which will in most cases be structured to influence the purchasing decision of the target buyer to place the purchase with the company that undertakes the lead scoring.

Lead scoring has the capability to provide actionable information on specific sales leads, but can also contribute meaningfully to an understanding of real time consumer behaviour, which is dynamic in response to market and economic conditions.

The lead scoring process and the marketing approach overlap in instances where engagements with customers expose the marketing messages derived from the marketing mix. The seller's interpretation of general consumer and Internet consumer behaviour is also an important aspect during interactions. The lead scoring process will provide algorithm and a set of business rules that reflects the philosophical response of the company to the information it gathers from the market. The process will determine the

company's ability to focus its resource deployment and marketing and sales interventions in congruence with its core marketing values.

The structure of the lead scoring system will be based on consumer expectations and consumer behaviours will become apparent when prospects display certain characteristics in the lead information supplied. However, this structure will be reviewed based on conclusions drawn from experiential trends.

Lead nurturing and lead distribution are components that entrench the lead scoring process into customer communication processes that form part of the marketing mix. The lead scoring process also serves to inform the focus of further marketing and sales activities on those leads that could probably result in current and/or future sales.

4. Section 3: Research Methodology

1. Research Aim and Objectives

The aims of this research are:

- Evaluate a lead management system in a retail automotive business;
- To introduce lead scoring system and;
- Conducting an investigation into the initial implementation.

2. Research Design: Action Research

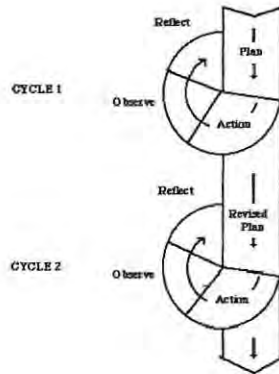
According to *O'Brien (1998)* action research is used in real situations, rather than in contrived, experimental studies, since its primary focus is on solving real problems

Cassell and Johnson (2006) in turn state that the term action research is increasingly used by companies to describe and justify their activities. Comprehensive academic research about the integration of Internet and database marketing has to date not been forthcoming, hence the aim of this paper.

O'Leary et al (2004) feels that, with action research methodology, it would be possible to explore a relatively technical issue in marketing that deals with a general academic research problem *Perry and Zuber-Skerritt (1992); Cuba and Lincoln (1994)*.

Kemmis and McTaggart (1988) developed a simple model of the cyclical nature of the typical action research process and according to him, each cycle has four steps: plan, act, observe, and reflect.

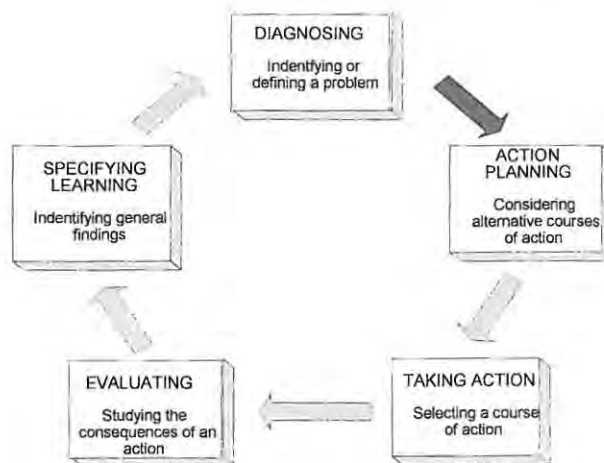
Figure 1: A Simple Action Research Model



Source: Maclsaac (1995)

Susman (1983) gives a somewhat more detailed record of action research. *Susman* distinguishes five phases to be conducted within each research cycle as seen in Figure 2. Initially, a problem is identified. Data is then collected for a more detailed diagnosis. This is followed by a set-out of possible solutions from which a single plan of action presents itself for implementation. The information that manifests in the process is scrutinised, interpreted and tested for success. The sifting process continues until appropriate solutions are found.

Figure 2: DETAILED ACTION RESEARCH MODEL



Source: *Susman* (1983)

Step 1: In Figure 2 it can be seen that *Susman's* (1983) detailed action research model starts with diagnoses, that is, identifying or defining the problem. In this study, the problem is: "Is it possible to score or rate an Internet lead on the basis of the information that a customer supplies?"

Step 2: Action planning becomes applicable – the consideration of alternative courses of action. *Diaconu* (2011) states that once the company has categorised the leads according to their fit and propensity to buy, the company needs to develop an action plan for each lead quadrant based upon the propensity to buy and the fit with the existing customer base.

Step 3: Taking Action – the company should send qualified leads that represent a good fit and present immediate sales opportunities to the sales department and plan customised nurturing efforts for warm leads that are not yet ready to buy but that fit the customer profile. The leads that are neither a good fit, nor have a high probability of buying, should be abandoned at this stage.

Step 4: Evaluating - How does one score? The first step is to evaluate the lead scoring elements and assign points to each by exploring the implicit and explicit data:

- *Implicit data* is based on observations of user behaviour. What are the buying signals that need to be picked up on. One can judge these activities by looking at activity recency and type, how active (or inactive) the contact is;
- *Explicit data* is based on the specific information that the lead provides via a Web form, telephone call, or other channel. Examples can be the name of a company, contact information, job title, function, buying timeframe or the need for a product or solution. Points can be allocated to each of these details;

Step 5: Specify learning - *Fenlon's* (2008) Predictive analysis through lead scoring via multi-variety regression analysis is both powerful and valuable. With lead scoring the

main objective according to *Eloqua* (2011) is to enable the company to move lead prioritisation from a largely subjective process to more of an analytical, scientific approach that can be managed easily and cost effectively.

3. Data Collection Techniques

O'Leary et al (2004) suggests that the information gathered from the Internet is processed through identification, standardisation, duplication and consolidation procedures. O'Leary further proposes that a unique reference number is applied to a customer, irrespective of whether the customer is a business or an individual.

This action research adopts a methodology in its data collection process that is cyclical and incorporates four steps, i.e. process of planning, acting, observing and reflecting on results generated from a particular project or body of work, (*Zuber-Skerritt and Perry 2002*).

Step 1: Gather all the information via the Website. Gauge how many customers click through to the web page per month.

Step 2: Measure how many customers provide information, post requests and then ascertain how many of the leads actually purchase a vehicle.

Step 3: Add weightings (see scoring example and processes) to the questions answered by the customers that actually purchased vehicles.

Step 4: Ascertain which scores will direct a lead to sales and to marketing, and measure the automotive industry's potential to understand the sales readiness of the customers.

An automated data processing methodology will assist in the timely and effective processing of raw data into decision-relevant information. Google Analytics proves to be a practical tool when gathering information from the Internet and e-mail. This tool is useful to see who visits and actually interacts with the company's Website.

Carroll (2006) uses the acronym BANT to describe the process of information gathering during lead scoring. It refers to budget, authority, need, and timeline.

These are all critical attributes that determine the sales readiness of a lead. On a questionnaire, a prospect can be scored according to their actions, i.e. a request for finance, or their response to an email or SMS campaign. The second step will be to add weightings to the questionnaire on the Web page's landing page. The researcher will measure the statistical information and observation correlation between certain attributes of the lead.

An example of a possible outcome of a lead scoring system is shown in Appendix Table 1 and 2

Table 1: SCORING EXAMPLE

Visitor	Clicked landing page	Time on landing page	View product page of dealer info	Request info or a test drive	Download specs or a map to dealership	Give indication of buying timeline	Request financing information or affordability	Score
	Score 5	Score 5 if > 10 sec	Score 5	Score 10	Score 5	Score 5 > 4 weeks Score 10 if < 4 weeks	Score 10	
1	5	5	5	-	5	-	-	20 (cold lead)
2	5	10	5	10	5	10	-	45 (med lead)
3	5	10	5	10	5	10	10	55 (Hot lead)

Source: Researcher of the thesis developing a scoring method

Table 2: SAMPLE FOR THE SCORING PROCESS

Lead Score	Priority Level	Marketing or Sales Action
0 - 40	Enquiry (Cold Lead)	Nurturing activities by marketing department
41 - 60	Lead (Medium Lead)	Move to Lead Administrators for qualification process or nurture with purchasing process in mind
61 +	Sales executives (Hot Lead)	Send to Sales (failure to close return to marketing)
	Explicit points assigned	Implicit - Google analytics

Source: Researcher of the thesis developing a scoring method

4. Data Analysis

Data analysis is an important stage of the research process. Data analysis consists of examining; categorising, or otherwise recombining the evidence to address the initial propositions of the study. *Yin* (1994) emphasises the relevance and importance of using any of four dominant analytic techniques, namely: time-series analysis; pattern-matching; explanation-building and program logic models.

5. Quality and Quantity Issues

The quality of the measurement instruments should only be checked during the initial data analysis phase when this is not the focus or research question of the study. One should check whether structures of measurement instruments correspond to structures reported in the literature.

Measurement quality can be assessed by analysing confirmatory factors and/or inherent consistency; which should give an indication of how reliable a measurement instrument is in determining variances of items and scales should content changes take place.

6. Ethical Considerations

Action research is conducted in real circumstances and involves close and open communication among those involved. Researchers must therefore weigh up ethical considerations when conducting their work. According to *Winter* (1996) it all comes down to the following:

- “All persons and legal entities involved in the process have to be consulted and have to acknowledge acceptance of the principles guiding the work before the work is undertaken;
- “Entities and persons who do not wish to participate cannot be held to participation;
- “The work must develop in a transparent environment and the input of participants must be taken into consideration - participants must be allowed to influence the work;
- “Documents produced for other purposes cannot be observed, examined and referenced without consent;
- “Should input from participants or other parties become relevant to the work conducted, those parties or participants should have a say in whether that input can be published or not;
- “The researcher must accept responsibility for maintaining confidentiality.”

It follows that decisions made about the direction of the research and the probable outcomes, should be collective. Researchers should state from the outset which research is being conducted and give an exposition of personal biases and interests whilst participants should have equal access to all the information generated during the research process.

7. Conclusion

This paper has presented an overview of action research as a methodical approach to solving problems that might become apparent in a lead scoring system for the retail automotive market.

The principles and procedures of a lead scoring system have been described and evaluated for the purpose of understanding how such a system could be put into practice in the retail automotive market, and an indication of the roles and ethics involved in the research has been given.

O'Brien (1998) explains that the area of social deployment of information technologies needs further development with time, and further action research is needed to explore the potential for developing computer mediated communications in a way that will enhance human interactions.

In reference to Barloworld Motor Retail, the retail automotive company that was used to gather the information and motivated this research, it is understandable that the prevailing systems and operating processes will have to be fine-tuned and updated to stay abreast of developments in the physical marketplace as well as in the ever growing cyber marketplace, where interactions with customers are becoming increasingly real, based on the data that has become available to service providers and should be harvested and analysed to be used as tools to increase actual revenue streams for further growth.

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6. Glossary

Definition of words used in lead scoring (Identifying empirical indicators)

Source: Marketo <http://www.demandbase.com> B2B Marketing Cheat Sheet definitions:

BANT – the acronym for Budget, Authority, Need, Timeline – critical attributes that are used to determine the sales readiness of a lead

Company Score – The total score of all leads for a specific company. This may also be calculated by average, also known as Account scoring

Depreciation – The ability to automatically lower a lead score due to inactivity, status change, or any other attribute that signifies a decrease in the level of interest – sometimes know as Lead degradation and Score Decay

Explicit data – information that a prospect provides that is unambiguous such as title, industry, company, etc.

Implicit data – Information that is revealed by a prospects online behaviour such as pages visited, and recency of frequency of visits.

Multiple scoring – the ability to assign multiple scores to a lead, which can be useful for companies with multiple products of campaigns that need to be managed separately.

Point cap – a limit placed on a lead score to prevent scores from being inflated by repeated actions of triggers (e.g. multiple downloads of the same whitepaper)

Product score – the score for a lead that indicates their interest in a specific product. An organisation may capture multiple product scores

Qualified – the lead characteristic of being ready to engage with sales – a definition that is agreed upon by marketing and sales according to the profile of an 'ideal' customer and a scoring methodology

Sales-Ready Leads (SRL's) a lead that is ready for sales interaction, often decided by a lead scores.

Scoring methodology – the framework by which leads are scored (e.g. points, letter grades, etc)

Threshold – A score used to determine whether or not a specific action should be taken on a lead

Trigger – An event based on a change or update in status, demographic information, or user behaviour that causes a lead to proceed along a specific workflow branch or a new path entirely.